

# Late Observations Schedule

## Planning Committee – 8 May 2017

### **Implications of Objectively Assessed Housing and Economic Development Need – Appendix 3**

A report setting out the implications of the revised Objectively Assessed Need has previously been circulated by e-mail to members of the Committee. That report is attached to this Late Observations Schedule.

#### **Revised Recommendation:**

That the Housing Requirement for Fylde Borough to 2032 is 415 dwellings per annum and that the Local Plan be amended accordingly.

### **Proposed Amendment to Policy DLF1 – Appendix 4**

The draft wording of the proposed amendment to Policy DLF1 has been forwarded to the Inspector for her consideration. She has asked that Policy DLF1 be further amended in order to further clarify its operation.

#### **Revised Recommendation:**

Accordingly members are requested to delegate authority to the Head of Planning & Regeneration in order to amend the policy in line with the suggestions of the Inspector.

### **Proposed Amendment to Appendix 5 - Policy H7**

Following further consideration of the amended wording for Policy H7 as included in the agenda papers, it has been noted that there may still be some confusion regarding criterion b as it relates to both replacement and extended properties. It is therefore recommended that the wording set out below be put to the inspector in order to avoid any confusion.

It is also proposed that criterion (a) be amended in order to recognise that the policy also relates to any proposal to replace an existing property with a dwelling that is smaller than that which currently occupies the site.

**Revised Recommendation:**

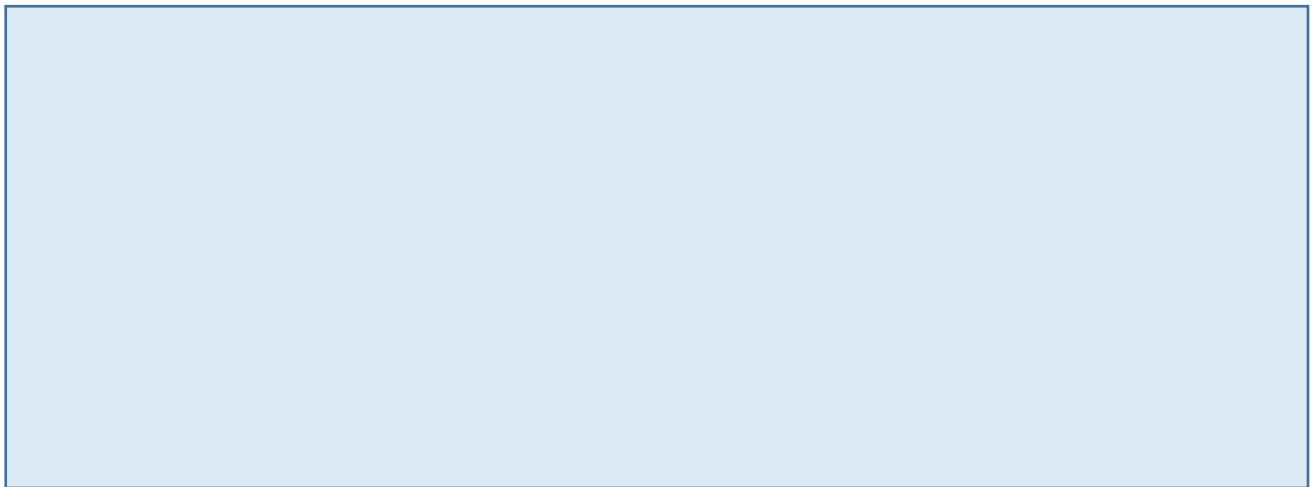
That the Inspector be requested to amend the wording of Policy H7 as follows:

**Policy H7**

**Replacements of, and Extensions to, Existing Homes in the Countryside**

Proposals to replace and / or to extend an existing home in the countryside will be permitted where the following criteria are met:

- a. The replacement or extended home is increased in size by no more than **33%** calculated in relation to the ground floor area of the original home; and
- b. The appearance of a replacement home respects the character of the surrounding rural area and the appearance of an extended home respects the character of the original building and the surrounding rural area.



**Fylde Council report on the findings and implications of;**

*the ‘Independent Assessment of the Economic Prospects of Fylde (Amion Report, May 2017)’;*

*and the ‘Fylde Addendum 3:Analysis of the OAN in light of the 2014-based SNPP and SNHP (Addendum 3, May 2017)’,*

**for the Objectively Assessed Housing and Economic Development Needs and the Fylde Local Plan to 2032.**

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**2. Introduction**

- 2.1 This report is presented to the Planning Committee on 8<sup>th</sup> May 2017. Much of the evidence presented within this report only became available to the Council in draft form from 5<sup>th</sup> May 2017. Since that time officers of the Council have considered this new evidence in light of the Stage 1 of the Local Plan Examination in Public which took place on 28<sup>th</sup> and 29<sup>th</sup> March 2017 and the Inspector’s Letter to the Council dated 11<sup>th</sup> April 2017.
- 2.2 This report outlines the necessary amendments to the Local Plan in order for the Examination in Public to continue. The Inspector initially asked that this piece of evidence and the Council’s adoption of it, be presented to her by 17:00 on Wednesday 3<sup>rd</sup> May 2017. Given the amount of complex information and technical findings in the reports and in order to give the Council time to consider their findings an extend deadline beyond the local elections was requested.
- 2.3 Accordingly the Inspector has agreed that evidence prepared in response to her letter of 11<sup>th</sup> April 2017 in relation to Objectively Assessed Needs (OAN) may be submitted no later than 17:00 on Wednesday 10<sup>th</sup> May 2017. Accordingly this report is put before the meeting of the Planning Committee (8<sup>th</sup> May) to seek approval of the necessary amendments to the Local Plan in order for the Examination in Public to continue.

### **3. Additional Recommendation**

- 3.1 The following recommendation(s) to be added to Item 4;
- a. 2. That the Housing Requirement for Fylde Borough to 2032 is 415 dwellings per annum and that the Local Plan be amended accordingly.

### **4. Existing Evidence Base in Relation to Objectively Assessed Need**

- 4.1 The 2013 Fylde Coast Strategic Housing Market Assessment (SHMA) was primarily prepared in 2013 to conform with the National Planning Policy Framework (NPPF) which was published in 2012. During its preparation, draft Planning Practice Guidance (PPG) was published in August 2013, with the SHMA referencing the release of this guidance. The 2013 SHMA provided an OAN across the three Fylde Coast authorities (Fylde, Wyre and Blackpool) and established a distinct OAN range for Fylde of 300 – 420 dwellings per annum over the period assessed (2011 – 2031).
- 4.2 Following the publication of the 2012-based SNPP dataset, an Addendum (Addendum 1) was prepared which sought to consider the implications of this dataset on the concluded OAN in the 2013 SHMA. Addendum 1 was prepared in the context of the PPG published by the Government in March 2014. A further Addendum (Addendum 2) was also commissioned by the Council following the release of the 2012-based household projections, and published in May 2015. Addendum 2 recommended that the OAN range was updated to reflect a higher upper end of the range of 440 to 450 dwellings per annum.
- 4.3 Collectively, this evidence was used by the Council to inform the development of the draft Local Plan up to its submission on 9<sup>th</sup> December 2016.

### **5. Inspector's Letter 11<sup>th</sup> April 2017 and Addendum 3**

- 5.1 Addendum 3 is intended to provide a direct response to the request from the Local Plan Inspector, as set out in her letter dated 11<sup>th</sup> April 2017 to the Council, to provide further clarity on the implications of the official 2014-based sub-national population projections (SNPP) and the 2014-based sub-national household projections (SNHP) for the objectively assessed need for housing in Fylde.
- 5.2 Specifically in this regard the Inspector requested in her letter to the Council that:
- “This should be in the form of a paper which sets out the 2014-based assessments using relevant scenarios (including economic) and takes account of all reasonable adjustments and uplifts as referred to in previous demographic evidence. It should also include an explanation as to what the implications of this are for the OAHN, including meeting affordable housing needs”*
- 5.3 In responding to this request, Addendum 3 draws together the evidence submitted to the Local Plan Examination in Public (EiP) relating to housing need subsequent to the submission of the

draft Local Plan for examination. It seeks to reflect upon and respond to the points of discussion during the hearing sessions on 28<sup>th</sup> and 29<sup>th</sup> March 2017 and references as appropriate the hearing statements submitted and referred to throughout the EiP hearing sessions relating to the OAN.

## **6. The Amion Report**

- 6.1 The Amion Report is an independent piece of technical evidence concerning employment levels and related matters in Fylde. The Council commissioned this piece of evidence independently of Turley and directly in response to the Stage 1 of the Local Plan Examination in Public and the Inspector's letter to the Council of 11<sup>th</sup> April 2017. Turley have subsequently made use of this evidence in the preparation of Addendum 3.
- 6.2 Amion Consulting were appointed to provide an independent view on the likely level of future employment growth in Fylde. Their report builds upon previous analysis undertaken to inform the Fylde Coast SHMA and subsequent addenda (Addendum 1 and 2). Throughout the Examination in Public hearings there was a particular focus on the scale of likely job growth that could be considered reasonable for Fylde, with arguments arranged accordingly to support greater or lower housing numbers. In light of this, the letter from the Inspector to the Council and the potential implications for the OAN, the Council considers there to be a need to review up-to-date forecasts to reach a clear view as to a reasonable level of employment forecast for Fylde to 2032.
- 6.3 Given the context outlined above the purpose of the Amion report is to;
  - a. provide a review of the historic economic picture for Fylde, particularly in terms of historic employment growth, as well as considering factors that could influence future growth;
  - b. verify if the three employment forecasts (produced by Cambridge Econometrics, Experian and Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;
  - c. consider whether, given Fylde's local labour market conditions, reasonable assumptions were used in the modelling of the relationship between employment growth and the implied population growth in deriving the levels of calculated housing need within the 2013 Fylde Coast SHMA , and subsequent papers published to update the modelling and analysis; and
  - d. conclude as to the reasonable level of future employment growth in Fylde and recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions.
- 6.4 In short, the most pertinent conclusions of the Amion report which feed into the work of Turley and Addendum 3 are the recommendation of the use of an average annual growth rate of employment to inform the detailed demographic and economic modelling undertaken as part of Addendum 3. Also, that two approaches to calculating an average be modelled by Turley giving an

average annual growth rate of 91 jobs or 55 jobs. In addition, there should be no adjustment made to the Local Plan or OAN with respect to employment generation at the two Enterprise Zones. This partly reflects a high level of uncertainty in terms of the timing, scale and additionality of any impact and at this moment in time there is insufficient evidence to make specific adjustments.

6.5 The detailed concluding summary wording from the Amion Report can be seen below;

- a. overall, the three forecasts are all considered to be up-to-date and produced using well established and reputable forecasting models. There is no reason to consider that either one is likely to be the most accurate. On this basis, and given the effect of variances in the historic data, it is recommended that an average of the forecasts is used rather than selecting one forecast as the preferred baseline scenario;
- b. based on the average of the three forecasts in each year, total employment between 2015 and 2032 is expected to grow by 1,548 jobs (3.1%). The average annual change over the period would be an increase of 91 jobs, with a CAGR (compound annual growth rate) of 0.2%. This compares to average annual growth between 2009 and 2015, derived from an average of the three forecast datasets, of 114 jobs and a CAGR of 0.2%, or 40 jobs and a CAGR of 0.1% if historic employment data is used from between 1991 and 2015;
- c. the Enterprise Zones at both Blackpool Airport and Warton are expected to lead to the creation of new employment opportunities in Fylde over the Plan period. There remains, though, a high degree of uncertainty in terms of the timing, scale and additionality of this impact and it is not considered there is yet sufficient evidence to make a specific adjustment to the baseline forecasts. This position should be monitored and updated as new evidence emerges;
- d. it is considered that both approaches to assessing the rate of annual change (yearly and moving averages) are credible, given the significant year-on-year variance in the historic data for Fylde, and can be seen as providing a range within which the likely level of job growth could fall. The more likely level of job growth is though expected to be at the upper end of this range, reflecting historic growth rates and the potential impact of the Enterprise Zones in terms of additional employment growth.

## **7. Implication for the OAN for Fylde to 2032**

### **Demographic Starting Point**

- 7.1 The 2014-based population and household projections provides a new 'starting point' for the assessment of housing needs, in accordance with the Planning Practice Guidance (PPG).
- 7.2 The 2014-based SNHP indicates a modelled need for 274 dwellings per annum following the application of a vacancy rate. This is considered to be a 'starting point' for establishing the OAN for Fylde.

- 7.3 It is of note that this 'starting point' projection of need is higher than that represented by the earlier 2012-based SNHP, which formed the starting point for the analysis in the Addendum 2 report and projected a need for 237 dwellings per annum. It is lower, however, than the concluded reasonable minimum level of demographic need presented within the 2013 SHMA (Migration-led 10 year scenario), which projected a need for approximately 320 dwellings per annum.
- 7.4 Adjustments result in a minimum demographic need for 351 dwellings per annum in Fylde over the plan period (2011 – 2032). This level of need is some 77 dwellings per annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, and represents a 28% upward adjustment.

### **Taking Account of Employment Growth**

- 7.5 The May 2017 Independent Economic Assessment for Fylde concludes that it is considered reasonable that the level of future employment growth in Fylde will lie in the range of 55 to 91 jobs per year over the remainder of the plan period (2015 – 2032). This indicates a need to provide for a higher level of housing need than projected through the demographic projections with a modelled need for between 397 and 421 dwellings per annum projected over the plan period.
- 7.6 The application of a consistent headship rate adjustment to that applied to the demographic projections elevates this range of assessed need to 408 to 432 dwellings per annum.
- 7.7 Taking each of the adjustments collectively it is considered that the evidence indicates an OAN of between 410 and 430 dwellings per annum, based on a rounding of the modelling outputs.

### **Consideration of Affordable Housing**

- 7.8 The 2013 SHMA identified a need for 207 affordable homes per annum. This was updated in the Addendum 1 report which concluded with a higher modelled need for 249 affordable homes per annum.
- 7.9 Through the Examination in Public hearings, the calculated need for affordable housing was debated with no significant challenge made to its robustness. The assessed level of need concluded within the Addendum 1 report is therefore considered robust for the purposes of considering its implications for the overall need for housing in Fylde following the PPG methodology.
- 7.10 The Council identified that historically between 2003 and 2016 Fylde has, on average, seen the delivery of approximately 210 net dwellings per annum. The concluded OAN, following the PPG methodological steps above, would more than double this historic rate of development. This clearly aligns with the Government's objectives to boost the supply of housing and 'get more homes built right now and for many years to come'.

- 7.11 The draft Local Plan assumes a requirement to deliver 30% affordable housing. Applying this rate of provision to the OAN would suggest that approximately 129 affordable homes per annum will be able to be provided. This will represent a significant uplift on recent historical rates of provision.
- 7.12 Recognising that the OAN represents both a significant uplift to the 'starting point' projection of need and the long-term historic rate of delivery, it is not considered justified in this context to apply a further upward adjustment to the level of housing identified as needed within the concluded OAN.

### **Taking Account of Market Signals**

- 7.13 The updated analysis presented in this section continues to indicate that there is limited evidence of a significant worsening in market signals in Fylde, when compared against other relevant comparator areas.
- 7.14 In this context, the previous conclusion that a 'modest' uplift was appropriate is therefore considered to remain justified. In establishing a reasonable response to the identified evidence of some worsening of market signals, the views of representors in the hearing statements did not present a consistent picture. It was noted that some representors considered the assessment to be robust and did not appear to advance the need for any further upward adjustment in relation to market signals.
- 7.15 A number of representors advanced recommendations that in providing for this 'modest uplift' an uplift of 10% should be applied to the demographic projection of need. This would therefore form an additional uplift beyond that resulting from the headship rate adjustment, which is itself applied to address identified issues of younger household suppression linked to worsening affordability and an historic undersupply of housing. Applying this uplift to the adjusted demographic projection (351dpa) would result in a need for 388 dwellings per annum.
- 7.16 It is of note that this level of need falls below the range of need concluded as being required to support forecast levels of employment growth, as concluded in section 4. Irrespective of the considered reasonableness of a 10% adjustment in relation to market signals, the level of need resulting from aligning job growth and population growth would be expected to provide a level of housing provision which would represent a boosting of supply, addressing the impact of any historic imbalance between supply and demand.

### **Summary of Implication for OAN**

- 7.17 Taking each of the adjustments collectively it is considered that the evidence indicates an OAN of between 410 and 430 dwellings per annum, based on a rounding of the modelling outputs. The stepped application of the methodological steps followed in deriving the OAN are set out in Table 1.



**Table 1: Adjustments to the 'Starting Point' in Arriving at the OAN**

	Adjustment (dwellings per annum)	Dwellings per annum 2011 – 2032	% uplift from 'starting point'
The 'starting point' – 2014-based SNHP		<b>274</b>	
Adjusted demographic projection	+77	<b>351</b>	28%
Supporting likely job growth	+57 – 81	<b>408 - 432</b>	49% - 58%
<i>(Market signals adjustment to demographic projection +10%)</i>	<i>(+35)</i>	<i>(386)</i>	<i>(40%)</i>
<b>Objectively assessed need (OAN) rounded</b>	<b>+134 – 156</b>	<b>410 - 430</b>	<b>50% - 57%</b>

Source: Turley

- 7.18 The concluded OAN range within Addendum 3 sits either side of the upper end of the OAN range concluded within the 2013 SHMA (300 – 420 dwellings per annum) but slightly below the upper end of the updated OAN range within the Addendum 2 report. Consistent with the upper end of the OAN in both of these reports the concluded OAN arrived at in Addendum 3 is directly associated with supporting a forecast of likely job growth.
- 7.19 Whilst a range of OAN for housing has been concluded, associated with the range of job growth considered reasonable within the Independent Economic Assessment, it is recognised that this report concludes that it is 'expected...that the likely level of employment growth will be at the upper end of this range'. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the identified OAN range.

## **8. Alignment between the Local Plan to 2032 and Addendum 3**

- 8.1 In light of the new evidence that the Council has procured, it is necessary to consider the implications for the previously concluded Housing Requirement Figure (370 dwelling per annum) and the Local Plan to 2032. Just prior to the commencement of the Hearings of the Examination in Public the Council was able to update the Housing Land Supply Trajectory and the resulting Five Year Housing Supply Statement. This work was titled 'interim' owing to the fact that only data available up to and including 28<sup>th</sup> February 2017 was available. These documents provide a supply of land for a minimum of 8,702 dwellings to 2032 or 415 dwellings per annum.
- 8.2 Having now taken account of all data for March 2017, any forthcoming amended Housing Land Supply Trajectory and resulting Five Year Housing Supply Statement would not fall below this level and so it is recommended that the Planning Committee adopt a new Housing Requirement figure of 415 dwellings per annum, this figure (415) falls within the newly concluded OAN range as recommended by the Council's independent economic development and planning advisors (Turley and Amion).

## **9. Alignment with Vision and Strategic Objectives**

- 9.1 The new evidence presented in the Amion Report and Addendum 3 is suggestive that the Council would need to once again ensure that the Local Plan to 2032 is sound given any changes to the Housing Requirement Figure. In particular, during the Examination in Public Hearings lengthy discussion took place on matters relating to the alignment of the evidence to the Vision and Strategic Objectives of the Plan. The key focus of these discussions being the alignment or integration between the 'housing strategy' and the 'economic development strategy'.
- 9.2 Therefore, the Council has looked again at the Vision for Fylde to the year 2032 and also Strategic Objective 4: to diversify and grow the local economy, and concluded that the Local Plan to 2032 will achieve this Vision and deliver this Strategic Objective through the policies set out in the Plan. An assessment of the level of employment land provided by the Plan concludes that it is capable of supporting in excess of the most optimistic economic forecasts set out in the SHMA and all subsequent addenda, including Addendum 3, and so ensures that the Plan does everything it can to support sustainable economic growth and in no way could it be considered to act as an impediment to sustainable economic growth especially when considering the provision of employment land.
- 9.3 Whilst recognising that there is a degree of uncertainty in projecting future levels of jobs growth and that the relationship between future jobs growth and population change is complex, it is clear that the Local Plan to 2032 and a Housing Requirement Figure of 415 supports the Vision for Fylde to the year 2032 and especially Strategic Objective 1: to create sustainable communities and Strategic Objective 4: to diversify and grow the local economy. It is also clear that the allocation of housing land, as set out in the Local Plan, supports economic growth. In conclusion, the Local Plan to 2032 and a Housing Requirement of 415 dwellings per annum ensures that sustainable economic growth has been supported by and aligned with the provision of the requisite amount of new housing.