

## INTERNAL BRIEFING NOTE FOR COUNCIL ON THE CALCULATION OF THE FIVE-YEAR HOUSING LAND SUPPLY FOR LANCASTER DISTRICT.

### Minute 72 of Council on Wednesday, 17th December 2014 Revised 5 year land supply motion

(Agenda item 14)

This council resolves:

(1) To ask officers to produce a confidential briefing note for councillors on the 5-year housing land supply statement focussed on how the calculation of the under-supply of 1,695 homes is justified when set against the available data on growth of population, household formation and employment between 2001 and 2011. Full council asks that the briefing note should be based on attributable data and should compare the data with the projections and forecasts for population, household formation and employment which presumably informed the target of 400 homes per year against which housing delivery is deemed to have fallen short to 2011. *This is the note below.*

(2) That the Chief Executive be asked to consult with neighbouring authorities to ascertain how their calculations and methodology on the above have been achieved.

*Action taken: The issue is being addressed through discussion on respective approaches to managing housing land supply with neighbouring local authorities; this is being done through the Lancashire Development Plan Officers Group.*

(3) Full council resolves that the background briefing note be circulated to councillors not later than Wednesday 14th January 2015.

(4) Full council further resolves that the Chief Executive should write to the district's two MPs and the planning minister to ask that calculation of previous housing under-supply, instead of being judged against the 400 homes target that was itself only based on forecasts and projections, should be re-based to take account of actual population, household formation and employment increases during the period 2001-2011.

*Action taken: The Chief Officer (Regeneration and Planning) wrote to both MPs on the 19<sup>th</sup> December 2014 and to Brandon Lewis MP, Minister of State for Housing and Planning at the Department for Communities and Local Government, on the 23<sup>rd</sup> December 2014.*

## 1.0 Context

1.1 On the 17<sup>th</sup> December 2014 the Council asked officers to produce a briefing note for councillors on the five-year housing land supply statement focussed on how the calculation of the under-supply of 1,695 homes is justified when set against available data of population, household formation and employment between 2001 and 2011. Minute 72 of the Council meeting is at the head of this note.

### The Housing Land Requirement and Current Housing Land Supply

1.2 The City Council's Development Plan is the Lancaster District Core Strategy of 2008. This sets a housing requirement for the period 2003-2021 which equates to an average of 400 dwellings per year. Central Government's requirement is that the Council must be able to demonstrate that it has a continuous five-year supply of housing land. If such supply is not demonstrated then the overriding requirements of

the Government's National Planning Policy Framework infer that there is a presumption in favour of proposals for housing development.

- 1.3 A five-year supply of housing land is simply the annual figure, of 400 dwellings, multiplied by five and, if there has been consistent under delivery recently (that is fewer than 400 houses built for a number of years), a "buffer" equivalent to 20% of the five-year requirement is added, and, the previous housing under supply must still be addressed. For Lancaster District the current five-year supply figure is 4,095 dwellings. It is important to note that the 20% buffer does not add additional housing requirement to the total, rather it brings forward a part of the requirement from the end of the plan period. The Government's intention in doing this is to increase the stock of current housing consents so that there is more opportunity for more house builders on more sites to start delivering the outstanding housing requirement. It does not mean that in each of the next five years the housing development industry would be expected to deliver 819 homes per year; it means that the house building industry would have more opportunities to pick from the options available to deliver at least the 400 dwellings per annum and also address the outstanding back log of 1,695 homes over the next five years. Over the whole plan period the total requirement would then have a better chance of being delivered<sup>1</sup>.

#### Method for establishing the Housing Requirement

- 1.4 The Government's National Planning Policy Framework (NPPF) gives clear guidance to local planning authorities on how they should objectively assess the housing need in their area. The current 400 figure was established through the regional planning process. Lancaster City Council was fully engaged in the regional planning process. Regional planning processes were deleted by the current government. The NPPF of March 2012 describes how all councils must now set their own housing and employment targets based on their own detailed consideration of their own housing and employment needs.
- 1.5 Although there is no prescribed method of calculating targets enshrined in law, there is detailed Government guidance in place on the methodology to be used, and it is clear from the monitoring of decisions made by the Planning Inspectorate on other councils' Local Plans that there is an expectation that this guidance must be followed.

## **2.0 The City Council's current position of 5-year supply**

- 2.1 Officers have published a position statement on the council's five-year housing land supply in accordance with the guidance required by the NPPF. That position statement takes into account the current annualised housing target of 400 completions per annum. An extensive evidence base was required at the time to demonstrate that this figure was sound during preparation of the Regional Strategy
- 2.2 The base date for the Regional Strategy was 2003. The 400 new homes figure was based on an analysis of information on future household formation taking account of migration and economic growth and housing supply information. An objective of the

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<sup>1</sup> The Council's 2014 Housing Land Supply Statement is regularly updated. The most recent update is available on the Council's website at:  
<http://www.lancaster.gov.uk/planning/local-plan/evidence--monitoring-and-information/>

Regional Strategy was to encourage greater economic activity in the North West of England; the Strategy was intended to deliver positive actions that would close the gap between the GDP of North West England and the GDP of the other regions of England by the end of the period of the Regional Plan. The Regional Strategy was adopted in September 2008.

- 2.3 The Inspector who examined the council's own Core Strategy in 2008 complimented the council on the quality of its evidence on housing land supply at a time when many other councils were failing to pass these rigorous tests<sup>2</sup>.

#### Census Data

- 2.4 The 2001 Census recorded a population of 133,915 people. The population projections that informed the household projections anticipated that Lancaster district's population would be 144,520 people by 2011. In fact the 2011 Census recorded 138,375 people. Thus the population in the period between 2001 and 2011 grew by 4,461 people and not the 10,500 people that is implied by the 1996-based population projections which informed the Regional Strategy.
- 2.5 Over the same time period the Census indicates that number of *households* in the district increased by 2,125 between 2001 and 2011. This compared to the 4,000 *dwelling* expectation of the Regional Strategy. It is of course wholly possible that the annual average of 400 dwellings would be delivered variably over the plan period (that is years of greater than 400 and years of less than 400). It is important to be aware of the definition of a household and the role of concealed households (see definitions at Appendix 1).
- 2.7 Whilst officers have been unable to obtain data on the 1996 household projections, evidence from its own Housing Land Monitoring Report, together with data from council tax records and historic "Address Point" data, indicate that there was actually a higher household growth figure for the district than that reported by the 2011 census. There is therefore inconsistency in available statistics.
- 2.8 The council's own Housing Land Monitoring Reports record housing development in the district of 3,223 homes between 2001 and 2011, which if added to the 2001 census data would indicate a total dwelling stock in the district, as at 2011, of 61,859 homes. This aligns with the council's council tax records which reports a total dwelling stock of 61,645 as of April 2011 and the council's own Address Point data which indicates an even larger dwelling stock of 62,297 dwellings as of April 2011.
- 2.9 Officers are aware that, in relation to the household component of the Census, some adjustments have been made by the Office of National Statistics (ONS) in the reporting of this data; the Census outputs are subject to analysis and adjustment prior to the dwelling stock component being reported. There are also some questions over the treatment of homes in multiple occupancy, empty properties and second homes within the census. All of which will lead to some level of inconsistency and variation in data reported by the council and the Census.
- 2.10 That said it remains the case that household formation in all scenarios falls below the 400 per annum anticipated by the RSS, which, if fully implemented would have

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<sup>2</sup> Paragraph 7.36 Report to Lancaster City Council by Stephen J Pratt BA (Hons) MRTPI into the Lancaster Core Strategy Development Plan Document, 10 Jun 2008.

resulted in the completion of 4,400 new homes in the eleven calendar years between 2003 and 2014.

- 2.11 In relation to job growth the employment projections used to inform the Regional Strategy were informed by sub-regional job growth projections. It is not therefore possible to provide district level interpretation of this data.
- 2.12 For Lancashire, the Regional Assembly projected an increase of between 103,000 and 65,000 jobs between 2000 and 2025 increasing from 645,000 jobs in 2001 to between 710,000 and 748,000 in 2025.
- 2.13 More recent data obtained from the national labour force survey confirms that as of 2011 employment levels for Lancashire stood at 691,600 jobs, indicating a growth of 4% from that recorded in 2000. The RSS projected a potential growth of between 10% and 16% between the longer period of 2000 and 2025. Despite the economic downturn between 2008 and 2013 progress towards the 2025 projections may well be possible, especially in view of recent improved economic circumstances.
- 2.14 The same data source reveals a job growth of 8% at a district level, with total jobs in Lancaster district increasing from 66,000 jobs in 2000 to 71,500 in 2011.
- 2.15 Whilst there is no doubt that population, household and employment growth in the district are lower than that anticipated during the preparation of the RSS, your officers recommend caution in taking a simplistic interpretation of this data at a point in time. Particularly as the period of the (now deleted) Regional Strategy and the Core Strategy runs through to 2021. The projections are trend based, they project forward past trends in population and household formation trends. Accordingly they cannot predict the impact of more recent circumstantial changes that are not captured by past trends. In addition Planning Inspectors will also take into account contemporary evidence such as more recent local housing need studies

### **3.0 Health warning over statistics and assumptions**

- 3.1 On face value comparison of the population counts in 2001 and 2011 might suggest that underperformance on housing delivery has been a natural consequence of reduced actual need, thus there is no real reason why a deficit of housing supply should be considered a problem. If that was true then the argument has been made that there is no actual local need to address the undersupply, and therefore the council could take a view that it does not need to fully address the five-year housing land supply arithmetic. If this was the case then there would also be no evidence of housing need in the district. However, Local Housing Needs Studies (HNS) and Strategic Housing Market Assessments (SHMA), since as far back as 2005, have **consistently** shown **much** higher levels of housing demand in the district (that is, a requirement for market price housing) and **very** high levels of affordable housing need (that is, housing to meet the needs of concealed households who cannot afford to buy or rent at market prices) compared to the 400 figure which was set by the Regional Strategy and Core Strategy. In other words, all housing needs studies prepared since the preparation of the Regional Strategy strongly indicate that more housing is needed in Lancaster district than the 400 per annum dwelling target<sup>3</sup>.

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<sup>3</sup> The outputs of the work commissioned by the Regional Assembly for the intended refresh of the RSS in 2008. The DCA Housing Needs Studies of 2004, DCA update Housing Needs Update of 2007. The DCA SHMA of 2008. The Turley's Housing Requirements Report of 2013.

- 3.2 This evidence, and other material factors, makes an over-simplistic interpretation of Census data population totals from 2001-2011 a risky strategy in the determination of planning applications.

#### Other Material Factors

- 3.3 Firstly, over the period 2003-2008 the council operated a policy of housing constraint in support of the regional policy to support regeneration in region's struggling conurbations. During these years the council granted consents to regeneration proposals only. As soon as this policy was revoked the current economic downturn began; from 2008 until recently the downturn suppressed housing delivery and the ability of households to enter the housing market. That same economic downturn suppressed jobs growth and affected population growth by reducing the job-based motivations for people either staying in the district or moving into the district.
- 3.4 What anyone objectively assessing the state of housing demand from the end of that period has to consider is evidence of the existence of housing need after those particular economic conditions had occurred. If indeed there was evidence that the majority of households in need of accommodation had been appropriately housed, and that normal population movements continued, then there might again be a sound case to argue that there is no reason to address the former period of undersupply.
- 3.5 However, members are again reminded that all of the many evidence reports and research produced in the period following the adoption of the Regional Strategy has recommended that Lancaster district's housing requirement should be greater, often significantly greater, than the current annual figure of 400 dwellings per annum.
- 3.6 Whilst work is still to be undertaken on the recommendation being prepared by Turley Associates, it is abundantly clear that to meet the needs of a population which is growing and changing structure, and, importantly to deliver on economic potential, then significant quantities of new housing need to be delivered.
- 3.7 In identifying the future housing requirement for the district the council must look at the make-up of housing need in the district following the policy of constraint and following the economic downturn. The 2011 Housing Needs and Demand Survey prepared on behalf of the council by DCA provides the most up to date data on housing needs.
- 3.8 The DCA study addresses the needs of current households as well as needs arising from newly-forming households. It takes account of information on housing need at the time of the study, identified through survey, of households who are hidden and, due to inadequate supply of housing, live with other households. The study reported 988 overcrowded and concealed households in the district. The study estimated that based on current inefficiencies in housing supply an additional 672 households-in-need would form each year.
- 3.9 Taking this information into account the study identifies an annual affordable housing need of 981 homes, significantly more than double the 400 figure for which the council currently plans. The study reports that in the three years following the survey 38% of concealed households are expected to have moved out of the district. The implications of not providing sufficient housing are that people will continue to live in housing that does not suit their circumstances or move to other districts where housing is available, additionally people who might move to the district will have reduced opportunities to locate in Lancaster and take up employment offers. There

is a strong association between supporting economic opportunity and providing sufficient housing.

- 3.10 This information demonstrates that notwithstanding any apparent comfort which might be derived from comparing original Census data for the period 2001-2011 it should be acknowledged that these years were unusual in that they were greatly influenced by a policy of planning constraint that was closely followed by a period of a significant recession; the housing evidence base demonstrates that there was and there remains a significant level of housing need in the district. In other words, current evidence indicates that the lower than expected population growth and slower delivery of housing that has occurred between the years 2001-2011 does not mean that the overall housing requirement for the current plan period up to 2021 need not be addressed. Improved economic circumstances can be expected to allow improved rates of delivery that will facilitate residents, both existing and moving to the district, to take up job offers, to access housing that is appropriate to their needs. Those improved rates of delivery are already being recorded with housing completion rates expected to return to an average of more than 400 dwellings from 2015/16 onwards.

#### **4.0 Conclusions**

- 4.1 Your officers strongly advise that, based on the content of professionally prepared and methodologically robust contemporary on local housing needs, it would be very difficult, to argue that there is no requirement to address the previous undersupply of housing. It should be acknowledged that in accepting that there is a need to address this undersupply there is the unavoidable need to plan to also provide for a housing "buffer" of 20%. Members are reminded that the 20% buffer is not additional requirement it is a tool used to increase supply and thus development opportunities in the short term.

The Monitoring Officer has been consulted and has no further comments.

The Section 151 Officer has been consulted and has no further comments.

## **Appendix 1: Definition of Household**

### **Census Definition**

A Household is defined in the 2011 census as one person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining room. The Census definition does not identify concealed households.

### **Concealed Households**

A Concealed Household is defined in the David Couttie Associates (DCA) 2011 Local Housing Needs and Demand Survey as one where someone is living within a household but wanting to move into their own accommodation and form a separate household (e.g. adult children living with their parents).

Some Concealed Households can afford to buy or rent at market prices, some cannot. The Housing Needs Study uses the number of concealed household who cannot afford to access housing at market prices to set the local requirement for Affordable Housing. Existing and arising affordable housings needs should be addressed within a five year period. As all forms of affordable housing require subsidy it is often not possible to ensure that delivery can fully address needs.

CONFIDENTIAL

14th January 2015

