

Rossendale Local Plan Examination

MATTERS, ISSUES AND QUESTIONS (MIQs)



Inspector's Pre-hearing Query re. Matter 3 Housing Need and Requirement

This document provides a response to the Inspector's pre-hearing query to the Council, received on 12th September 2019, as follows:

Message to the Council

In order to inform discussion at the Matter 3 hearing session on Weds 25th September, the Council is requested to produce a further set of standard methodology housing need calculations, based on the ten year baseline projection period of 2018-28 and affordability ratios published in March 2018 (2017 based). Detailed workings should be provided.

*This evidence should be published on the Council's website by **Thursday 19th September** and circulated to participants who will be attending the Matter 3 session.*

Council's response:

The Local Housing Need (LHN) generated by using the Government's Standard Methodology for the period 2018-28 (and using the 2017 affordability ratio¹) would be **208 dwellings per annum**

The detailed calculation is set out below:

¹ Please note that the 2017 affordability ratio was first published in April 2018

Local Housing Need calculation for 2018-28

Step 1 – Setting the baseline

The household projections used are the 2014- based figures published on the www.gov.uk website (table 406).

Rossendale's household projections are:

- Number of households in 2018: 30,526
- Number of households in 2028: 32,330

The total number of new households is 1,804 over the ten year period, equivalent to household growth of 180.4 per year.

Step 2 –An adjustment to take account of market signals

The ratio of median house price to median gross annual workplace-based earnings for Rossendale in 2017 (published 26th April 2018) was 6.44.

The adjustment factor is calculated below:

$$\text{Adjustment factor} = \frac{(\text{Local affordability ratio} - 4)}{4} * 0.25 = \frac{(6.44 - 4)}{4} * 0.25 = 0.1525$$

The adjustment factor is 0.1525 and is used to calculate the local housing need as shown below:

Local housing need = (1+ adjustment factor) * projected household growth

Local housing need = (1+0.1525) * 180.4 = 207.91

Local housing need for Rossendale between 2018 and 2028, based on 2017 affordability ratio (6.44) is 207.91 rounded at 208 houses per year.

Step 3 – Capping the level of any increase

A cap is then applied which limits the increase an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. The cap does not limit the minimum annual local housing need figure for Rossendale. The Council adopted the Core Strategy in 2011, more than 5 years ago, and have not reviewed the housing requirement figure since then.

- The average annual housing requirement figure in the existing Core Strategy is 247 dwellings a year
- The average annual household growth over ten years is 180.4 (as per step 1)
- The minimum annual local housing need figure is 208 (as per step 2)
- The cap is set at 40% above the higher of the most recent average annual housing requirement figure or household growth:

$$\text{Cap} = 247 + (40\% * 247) = 247 + 98.8 = 345.8$$

The capped figure is greater than the minimum annual local housing need figure and therefore the minimum figure for Rossendale for 2018-28 would be 208 dwellings per year.

For information, Table 1 below provides a timeline setting out when the standard methodology was first introduced and a history of the various amendments made by the Government. It also shows when the Council published their Local Plan documents and how the timing of this related to the Government's policy position at that time. The housing requirement in the emerging Local Plan is 212 dwellings per annum (dpa).

Table 1: Timeframe of Housing Need Calculations

Stage	Dates	Comments:	Potential LHN / Local Plan Housing requirement at this stage
Strategic Housing Market Assessment (SHMA) 2016	December 2016	This was commissioned to update the 2008 SHMA and to inform the Local Plan review; it provided up to date evidence on the potential scale of future housing need and demand in Rossendale. The full Objectively Assessed Need for Rossendale was calculated as being between 265 and 335 dpa.	265-335 dpa
Draft Local Plan (Regulation 18 consultation)	24 th July 2017 to 9 th October 2017	This included a housing requirement of 265 dpa based on the SHMA 2016 recommendation; this was considered to be consistent with the Government's policy position at this time	265 dpa
Government consultation on "Planning for the Right Homes in the Right Places"	14 th September 2017 to 9 th November 2017	This set out a standard method for calculating local authorities' housing need – the Government published results for every local authority in England, which were included in a separate Housing need consultation data table; This used the 2014-based household projections over the time period 2016-26 and the 2016 affordability ratio; The result for Rossendale was 212 dpa.	212 dpa
ONS publishes new national population projections (i.e. 2016-based population projections)	October 2017	The new national population projections were based on the latest data for mortality, fertility and migration (from 2016). These projected that, nationally, the population of England will grow less rapidly than forecast in 2014. This suggested that the Government might need to review both its aspirations for housing supply and how this is reflected in planning policy.	
Government response to the Planning for the right homes in the right places consultation	March 2018	Response stated that the proposed standard method to assessing local housing need was the most appropriate method and that the Government would be publishing draft guidance on the proposed methodology alongside the revised NPPF.	
Draft National Planning Policy Framework (NPPF)	March 2018	Para. 61 of draft NPPF stated that plans should be based upon a local housing need assessment, conducted using the standard method	
Draft Planning Practice Guidance (PPG)	March 2018	This outlined that the most recent official projections were to be used to calculate the average annual household growth over a 10 year period (at this time this would have been the ONS produced 2016-based population	200 dpa

Stage	Dates	Comments:	Potential LHN / Local Plan Housing requirement at this stage
		projections). Using the 2016-based projections for 2018-28 and the 2017 affordability ratio would have generated an LHN of 200 dpa	
Council meeting to agree Local Plan Consultation (Regulation 19)	11 th July 2018	This asked Members to agree that the Pre-submission Local Plan (Regulation 19) version should be published for public consultation based on a housing requirement of 212 dpa (and that this was generated using the Government's standard method); at this point, there was uncertainty over whether to use the 2014 or 2016-based projections and the NPPF and PPG were still in draft form.	212 dpa
Revised NPPF published	24 th July 2018	Confirmed that the standard method should be used to calculate local housing need (LHN) but the detail methodology was yet to be confirmed.	
Regulation 19 Local Plan consultation (Pre-submission version)	23 rd August 2018 to 5 th October 2018	The Local Plan retained the housing figure first suggested in the Planning for the right homes consultation which used the 2014-based household projections and the 2016 affordability ratio over the period 2016-26.	212 dpa
PPG on Housing need assessment	September 2018	This stated that the standard method can be used to calculate a minimum annual local housing need figure using the most recent projections (at this time, this would have been those based on the 2016-based population projections); the Government subsequently issued a further amendment (see below).	
Technical consultation on updates to national planning policy and guidance	26 October 2018 to 7 th December 2018	This set out that in order to achieve the Government's aspirations for housing, the 2016-based projections should not be used and that the 2014-based data should provide the demographic baseline for assessment of local housing need; Using the 2014-based projections for 2018-28 and the 2017 affordability ratio would have generated an LHN of 208 dpa This document also stated that, in the longer term, the Government would review the method in future.	208 dpa
Revised PPG on Housing and economic needs assessment	22 July 2019	This states that the standard method can be used to calculate a minimum annual local housing need figure and it confirmed that this should use national 2014-based household projections (as per the consultation above).	197 dpa

Stage	Dates	Comments:	Potential LHN / Local Plan Housing requirement at this stage
		For information, the most up to date figure for the period 2019-29, using the 2014-based projections and the latest affordability ratio at this point (the 2018 ratio published March 2019) would generate an LHN of 197 dpa.	