

Report to Cabinet Meeting to be held on 19 September 2017	Electoral Ward Affected N/A
Report submitted by: Director of Development	
Portfolio Holder: Cabinet Member for Planning and Regulation	
Central Lancashire Strategic Housing Market Assessment & Memorandum of Understanding	

1. Summary

- 1.1 Local Planning Authorities are required to use their evidence base to ensure that their local plan meets the full, objectively assessed need for market and affordable housing in the housing market area as far as is consistent with policies set out in the National Planning Policy Framework.
- 1.2 A Strategic Housing Market Assessment (SHMA) has been prepared for the Central Lancashire authorities by consultants GL Hearn. This has been prepared as a first stage in preparing evidence for a review of the development plan. The government indicated in the housing white paper its intention to introduce a statutory requirement to carry out 5 year reviews of local plans. The requirement for such reviews is currently the subject of guidance.
- 1.3 The SHMA identifies up to date housing need figures in the light of the latest demographic and economic growth projections. Overall across Central Lancashire the need identified is lower than the current plan requirement. However, the distribution is weighted towards Chorley in particular and to a lesser extent South Ribble. In order to ensure that the current plan requirements are continued, while ensuring that the identified need is met across the Central Lancashire housing market area, it is necessary for the reasons set out in the report to enter into a memorandum of understanding with Chorley and South Ribble Councils.

2. Decision Required

- 2.1 Cabinet is recommended to:
 - (i) agree that the Council enters into a Memorandum of Understanding.
 - (ii) delegate to the Director of Development the authority to agree any amendments to the Memorandum of Understanding in consultation with the Head of Legal and Democratic Services; and
 - (ii) delegate authority to the Cabinet Member for Planning and Regulation to sign the memorandum of Understanding on behalf of the Council.

3. Information

- 3.1 In March 2017 a draft report was presented to the Central Lancashire Strategic Planning Joint Advisory Committee (JAC) on the SHMA being prepared by consultants GL Hearn. The SHMA establishes the Full Objectively Assessed Housing Need as required under paragraphs 47 and 159 of the National Planning Policy Framework.
- 3.2 The report to the March JAC suggested that, rather than proceed to a partial review of the Central Lancashire Core Strategy, the current annual housing requirement figures in the Core Strategy should be retained until a full review of the Local Plan is carried out. Members will be aware that the Government signalled in the housing white paper its intention to make five year reviews of development plans a statutory requirement. Work has commenced on updating the evidence base of which the SHMA is part in connection with a review.
- 3.3 In the light of a Court of Appeal judgment concerning Oadby and Wigston Borough Council in Leicestershire and a High Court judgment concerning East Riding of Yorkshire Council, the consultants indicated that there should be a memorandum of understanding between the three local planning authorities to protect their positions at S78 planning appeals prior to the full review of the Local Plan.
- 3.4 For information the requirement figures in the Core Strategy are:
- | | |
|---------------------|---------------------------|
| Chorley: | 417 dwellings per annum |
| Preston: | 507 dwellings per annum |
| South Ribble: | 417 dwellings per annum |
| Central Lancashire: | 1,341 dwellings per annum |
- 3.5 Since March the consultants have finalised the SHMA and updated the housing need figures, mainly to take into account identified changes to planned economic growth but also to make slight amendments following from the latest (2016) mid-year population estimates and also in connection with 'market signals', primarily affordability.
- 3.6 The methodology used to produce the SHMA follows the planning practice guidance i.e. it starts from the latest demographic and household projections, taking into account longer term trends. The methodology then makes adjustments for economic growth requirements, the basis of which is that, if there is significant planned economic growth, there may be a need for an increase in the economically active population to meet that growth. Adjustments are then considered for 'market signals'.
- 3.7 It should be noted that the figure produced through this exercise must be a 'policy off' figure. Considerations such as policy constraints e.g. green belt or policy to encourage growth cannot be taken into account in determining this Objectively Assessed Need figure. The requirement that it is "policy off" is clearly set out in the Court of Appeal judgment in *St Albans City and District Council v Hunston Properties Limited and SSCLG*. The judgment sets out a 'two-step' approach to determining a plan housing requirement. The second step is to apply plan policy but before that can be done it is necessary to know what the full unconstrained need is otherwise there can be no indication of whether or not the need can be met.

3.8 The housing need figures in the SHMA are set out as ranges and are:

Chorley:	419 – 519 dwellings per annum
Preston:	225 – 402 dwellings per annum
South Ribble:	351 – 440 dwellings per annum

- 3.9 In the case of Chorley and South Ribble the lower figure is the demographic growth figure and the higher figure is the economic growth figure. In Preston it is the reverse i.e. the lower figure is the economic growth figure and the higher figure is the demographic growth figure. Preston's demographics are such that it has a relatively young population compared with Chorley and South Ribble and, therefore, can meet its planned economic growth without the need to seek an increase in the workforce and the economically active population.
- 3.10 For Central Lancashire as a whole the consultants recommend that the economic growth figure should be used i.e. $519+225+440=1,184$. This is marginally higher than the sum of the demographic growth figures which are $419+402+351=1,172$. However, the consultants advise that in order to ensure the Objectively Assessed Need across the Housing Market Area as a whole is met the higher figure should be used. Both totals are significantly below the current Central Lancashire plan requirement figure of 1,341.
- 3.11 For individual authorities the consultants advise that, unless there a Memorandum of Understanding in place to ensure that the objectively assessed need is met across the housing market area i.e. Central Lancashire, then, in view of the Court of Appeal judgment in Oadby & Wigston, each authority should meet its own need figure for S78 appeal purposes. This advice has been confirmed by Counsel acting for Chorley in a forthcoming appeal. That need figure would be the higher of the range figures in each case.
- 3.12 A formal Memorandum of Understanding would enable the current plan requirement figures both in total for Central Lancashire and individually for each local planning authority to be retained. The total of 1,341 clearly exceeds, by some margin, the 1,184 need figure across Central Lancashire. A memorandum of understanding retaining the plan requirement figures would, therefore, ensure that the Objectively Assessed Need is met across the housing market area. Such an approach has been determined by the High Court to satisfy the requirements of the NPPF in the judgment in relation to East Riding of Yorkshire Council.
- 3.13 A working draft Memorandum of Understanding has been prepared and a copy is attached at Appendix 1 to this report. The Memorandum of Understanding will enable each authority to protect its position as far as the five year supply of deliverable housing land is concerned, particularly in the context of appeals under S78 of the Town and Country Planning Act 1990. This does not impact particularly on Preston as the higher need figure of 402 dwellings per annum is below the plan requirement figure of 507 dwellings per annum. However as both Chorley and South Ribble have an identified Objectively Assessed Need figure in the SHMA that is in excess of their plan requirement figures without the memorandum in place they would have to demonstrate that they could meet a five year requirement based on delivering 519 and 440 dwellings per annum respectively compared with plan requirement figures of 417 dwellings per annum each. It

is proposed that once the draft Memorandum of Understanding has been agreed it is signed on behalf of the Council by the Cabinet Member for Planning and Regulation.

- 3.14 Signing a Memorandum of Understanding does have benefits for Preston in that it will enable the current overall development strategy to be maintained, which is important for the delivery of City Deal. Requiring each authority to meet its own need would refocus development more towards Chorley and may lead to unplanned development in the south of the Central Lancashire area. Agreeing the Memorandum of Understanding and publishing the SHMA would also enable any backlog in housing provision prior to the SHMA base date of 2014 to be removed from the housing requirement going forward and would improve the five year supply position.

4. Implications

- 4.1 There are no financial or HR implications.
The legal implications are set out within the body of the report.

5. Impact Statement

- 5.1 i) There are no impacts on service users
ii) Signing the Memorandum of Understanding will facilitate Preston meeting its development plan and City Deal housing requirements
iii) There are no fair employment/living wage implications
iv) There are no equality impacts

6. Reasons For Decision

- 6.1 To enable the development plan housing requirements set out in the Central Lancashire Core Strategy to be delivered.

7. Alternative Options Considered And Rejected

- 7.1 N/A

8. Reason for Inclusion in Part B, if appropriate

- 8.1 N/A

Any representations made in accordance with the Public Notice of Forward Plans of Key Decisions

Name:

Organisation:

Comments:

Background Documents:

Background documents open to inspection in accordance with Section 100D of the Local Government Act 1972:

Paper	Date	Contact/Directorate/Ext
Central Lancashire Strategic Housing Market Assessment	August 2017	Mike Molyneux/Development/Ext 6703

Contact for further information:

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