

## ROSSENDALE LOCAL PLAN EXAMINATION

### MATTER 3 HEARING STATEMENT OF THE PEEL GROUP (REPRESENTOR ID 5160)

**Issue: Is the identified housing requirement of 3,180 dwellings between 2019 and 2034 (212 per year) justified and consistent with national policy?**

**a) Is the identified housing market area appropriate and robustly-based?**

- 1.1 The treatment of the borough as a self-contained housing market area is accepted as a pragmatic approach to plan-making, which should allow for the close integration of policies relating to housing and the economy in particular.
- 1.2 It nonetheless remains important to recognise that Rossendale shares functional relationships with other areas, including larger economic centres. As referenced in the latest SHMA Update<sup>1</sup>, the Council's evidence base has previously outlined the importance of the Duty to Co-operate in these circumstances. Within this context, it is notable that the wider consequences of the Council's unilateral and vague desire to reduce out-commuting, discussed in our Matter 2 statement (question I), do not appear to have been discussed or agreed with neighbouring areas.

**b) The identified housing need of 212 dwellings per annum (dpa) is based on the standard method in the National Planning Policy Framework. Is the Council's application of the standard method in accordance with the methodology in the Planning Practice Guidance (PPG)? Is the use of baseline figures for the period 2016-26 and the 2016 affordability ratio justified?**

- 1.3 The standard method formula was applied correctly at a point in time to generate this minimum figure, though it evidently has not been kept up-to-date. The slight reduction caused by any such recalculation – below the proposed housing requirement – should not disguise the Council's clear intent to simply plan for the minimum level of need permissible at the time that the Local Plan was being prepared, and its failure to meaningfully consider or plan for the prospect of higher housing need. Such an approach is considered to conflict with the PPG, which makes clear that the standard method should be used only to identify a '*minimum annual housing need figure*' and '*does not produce a housing requirement figure*'<sup>2</sup>.

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<sup>1</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] paragraph 4.79

<sup>2</sup> PPG Reference ID 2a-002-20190220

c) The housing need and requirement of 3,180 dwellings or 212 dwellings per annum (dpa), as identified in Policy HS1 in the Plan, is based on the minimum number of homes needed using the standard method. Is the proposed objectively assessed need (OAN) and the absence of an uplift justified and soundly based? In particular:

i. How does the housing need and requirement align with forecast jobs growth in the Employment Land Report and the employment land requirement in the Plan of 27 hectares between 2014 and 2034? What is the justification for planning for a lower level of housing than is needed to support baseline employment growth? What weight has been given to the Council's aspiration to reduce out-commuting in the process of determining OAN and the housing requirement?

- 1.4 The Employment Land Review<sup>3</sup> (ELR) concludes that 22-32ha of employment land is needed in Rossendale between 2014 and 2034. The lower end of this range results from an extrapolation of past take-up rates, albeit with a caution that this will be at least partially influenced by the *'unprecedented recession in the commercial market nationally'*<sup>4</sup>. The Council has similarly recognised that such *'low take up is not because of a lack of need or demand but because of a lack of suitable sites which, in itself, is seen to be constraining growth'*<sup>5</sup>. This questions the validity or reliability of such a scenario being relied upon in Rossendale, even where it forms the lower end of a range, particularly when recognising that economic development has recovered strongly since the ELR was produced<sup>6</sup> (see our response to Matter 5b).
- 1.5 The upper end of the range relates to an adjusted Experian forecast, which slightly uplifts the baseline (c.30ha) to reflect the priority sectors of the Lancashire Enterprise Partnership (LEP) by incorporating slightly more optimism around office job growth and less pessimism regarding industrial decline<sup>7</sup>.
- 1.6 The ELR's range is populated by further "labour supply" scenarios which begin from the premise that the realisation of forecast job growth, at the upper end of the concluded range or indeed beyond, is constrained by a lack of available labour. The ELR warns that such scenarios are *'more conservative given that they relate to a (proportionately) declining working age population'*, and clearly states that *'these local labour supply-based estimates therefore provide **a benchmark for comparison with other approaches rather than a sound basis for future planning in isolation**'*<sup>8</sup> (emphasis added).
- 1.7 The Council has nonetheless proposed a requirement for 27ha of employment land, linked to one of these 'labour supply' scenarios which models the floorspace needed to accommodate the labour force envisaged where housing provision is limited to only 220 dwellings per annum. This would self-evidently fail to support even the baseline job growth forecast by Experian, with the Council's approach to establishing its employment land requirement freely accepting that the economic growth potential of Rossendale will be constrained by a lack of available labour.

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<sup>3</sup> Lichfields (2017) Rossendale Employment Land Review [EB017]

<sup>4</sup> *Ibid*, paragraph 9.74

<sup>5</sup> Rossendale Borough Council (2019) Rossendale Draft Local Plan: Employment Land Topic Paper [EB018] paragraph 4.3

<sup>6</sup> Rossendale Borough Council (2019) Rossendale Borough Council's response to Matter 5, part e) – Employment land completions and future supply [EL1.007] Table 1

<sup>7</sup> Lichfields (2017) Rossendale Employment Land Review [EB017] paragraph 9.31

<sup>8</sup> *Ibid*, paragraph 9.44

- 1.8 This stance is clearly linked to the Council’s determination to plan for the lowest possible level of housing provision, with the Employment Land Topic Paper stating that:

*“The higher figure has...been ruled out because, as the ELR points out, if the Council opted for the top end of the range, **it may need to consider a higher level of housing delivery or have sufficient weight behind policies which ensured that the labour force would remain high enough to warrant this increased employment land supply. For example, policies that had the ability to ‘claw back’ out-commuters and **planning for a mix of housing that specifically encouraged retention of economically active residents or would attract younger economically active people into the borough.** Whilst these aims are supported, it is recognised this may be difficult to achieve in full without strong policy intervention”***<sup>9</sup> (emphases added)

- 1.9 The negativity and circularity of such an approach directly conflicts with the requirement for Local Plans to be ‘*positively prepared*’<sup>10</sup>. It would fail to ‘*create the conditions in which businesses can invest, expand and adapt*’ to realise the potential for higher employment growth in Rossendale, and fails to recognise that housing is a potential barrier to investment that could be addressed through a positively prepared Local Plan<sup>11</sup>.

- 1.10 Accordingly, there is considered to be no justification for planning for a lower level of housing provision, nor employment land provision, than is required to support baseline employment growth. The SHMA Update confirms that an uplift to the standard method figure (to between 236 and 253 dwellings per annum) is needed to support even a baseline level of employment growth<sup>12</sup>. This correctly makes no allowance for reduced out-commuting, noting that such aspirational strategies should not be relied upon unilaterally without the agreement of affected authorities.

- 1.11 It is important to acknowledge, however, that this modelled need is itself at risk of under-estimating full housing needs associated with the borough’s likely economic growth as it is limited to simply relying upon off-the-shelf forecasts which assume an un-evidenced continued and relatively significant contraction in the local manufacturing sector. As noted in our Regulation 19 submission, this contrasts with evidence of a recent stabilisation in the sector and the existence of strategies aimed at supporting manufacturing businesses and preventing forecast declines<sup>13</sup>.

- 1.12 Within this context, we maintain that the Council in accordance with national policy should be seeking to support a level of job growth which exceeds that implied by an off-the-shelf forecast, and is more proportionate to its adopted target of securing 3% net jobs growth over five years or 0.6% per annum. This continues to appear reasonable in the context of past trends, adjusted forecasts and the broader economic strategy, and would require a larger uplift beyond the minimum need calculated through the standard method than presented within the scenarios in the SHMA Update. Our previous submission estimated that 283 dwellings per annum would be needed to support such a rate of employment growth. We would note that this again is likely to represent very much a minimum estimate of associated housing need given that it was modelled using

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<sup>9</sup> Rossendale Borough Council (2019) Rossendale Draft Local Plan: Employment Land Topic Paper [EB018] paragraph 4.3

<sup>10</sup> MHCLG (2019) National Planning Policy Framework, paragraph 35a

<sup>11</sup> *Ibid*, paragraphs 80 and 81c

<sup>12</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] paragraphs 4.75 and 4.76

<sup>13</sup> Paper 2: Assessment of Housing Needs, paragraphs 4.31 – 4.37

the household formation rates from the then recently published, but since largely disregarded 2016-based household projections, which we would agree with the SHMA Update should not be used in place of the 2014-based dataset which are used in the standard method.

- 1.13 On this basis, the absence of an uplift to support Rossendale’s economy is not justified or soundly based, and demonstrates that the Plan has not been positively prepared. The approach cannot be viewed as sound within the context of the NPPF.

**ii. What are the implications of the updated demographic modelling, employment growth forecasts and recommendations on housing need in the Strategic Housing Market Assessment (SHMA) Addendum produced in March 2019?**

- 1.14 At the outset, it is important to note that the SHMA Update is not referenced by the Council in the submitted Plan or the Housing Topic Paper. It clearly has not meaningfully influenced its preparation, creating difficulty and ambiguity when attempting to relate proposed policies with this part of the evidence base.

- 1.15 There are numerous instances where the SHMA Update actually proves that the proposed requirement for 212 dwellings per annum is inadequate, because:

- It recognises that *‘ensuring a sufficient supply of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures’*<sup>14</sup>, thereby further undermining the Council’s vague and unsubstantiated dismissal of the important relationship between housing and the economy;
- It explicitly confirms that *‘there would have to be an uplift to the demographic baseline if the employment growth forecasts are to be realised’*, to avoid the labour force acting as *‘a drag on future economic potential’*<sup>15</sup>. It estimates that 253 dwellings per annum would be needed to support the Experian forecast cited in the Council’s latest ELR, reducing slightly to 236 dwellings per annum based on more recent forecasts produced in December 2018. Such figures are highly likely to be underestimates, as:
  - **They are understood to apply unadjusted 2014-based household formation rates**<sup>16</sup>. This is despite the previous SHMA identifying the need to test and adjust these rates to reflect *‘the impacts of recession on both the supply of housing and the ability of households to form’*<sup>17</sup>. The omission of such sensitivity testing is not considered to be justified and risks significantly underestimating or constraining the rate at which younger households will form; and
  - **They only test the housing needed to support “off-the-shelf” employment forecasts**, which appear pessimistic for Rossendale in the context of past

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<sup>14</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] paragraph 4.51

<sup>15</sup> *Ibid*, paragraphs 4.59 and 4.75

<sup>16</sup> *Ibid*, paragraph 4.53 (fourth bullet)

<sup>17</sup> Lichfields (2016) Rossendale Strategic Housing Market Assessment [EB003] paragraph 6.14

trends, economic strategies and the Council's previously stated ambitions as well as the full range of scenarios presented in the ELR<sup>18</sup>. It is particularly disappointing that the SHMA Update, unlike the 2016 SHMA, has not explored the impact of retaining the Council's previous target of 3% net job growth every five years, which continues to appear reasonable and is proving successful<sup>19</sup>.

- It recognises that '**investment in the road network may...open up additional land for future development...[and] increase the number of jobs delivered in Rossendale which would require a greater number of homes to ensure there is sufficient labour force to support future growth**'. It highlights the '*ageing demographic in Rossendale*' and outlines the importance of ensuring that '*there is the right mix of homes to attract younger economically active workers to support future jobs growth in the borough*'<sup>20</sup>;
- It expects the Local Plan to '*consider the extent to which the standard method estimate of LHN is **consistent with the economic success of Rossendale and the wider area** or whether 'actual housing need' is higher in response to the economic opportunities of the area*', describing this as '*an important part of responding to both the Framework and the PPG*'<sup>21</sup>; and
- It encourages the Council to '*use its planning policy to maximise delivery of affordable housing given the scale of need identified*', stating that '**an additional uplift beyond the standard method figure would go some way towards meeting the high level of affordable housing need identified for Rossendale**'<sup>22</sup>.

1.16 It is disappointing that the Council has not sought to take account of the recommendations of its own evidence, and remains intent on planning for only 212 dwellings per annum. The SHMA Update does not justify such a level of provision and identifies numerous reasons why an uplift beyond this figure is appropriate. The continued omission of any uplift is therefore considered to be unjustified and inconsistent with national policy and is therefore unsound.

### **iii. Does the housing need/requirement of 3,180 homes/212 dpa have appropriate regard to growth strategies and strategic infrastructure improvements in the borough or wider region?**

1.17 No. As noted in our response to the previous question, the SHMA Update itself identifies that transport investment may unlock employment growth opportunities and generate a requirement for additional labour and housing. The Council has taken no account of this report, or the important relationship between housing and the economy, and is simply pursuing the bare minimum figure generated by the standard method.

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<sup>18</sup> Paper 2 of our Regulation 19 submission: Assessment of Housing Needs, paragraphs 4.20 – 4.37

<sup>19</sup> Rossendale Borough Council (2017) Authority Monitoring Report for 2014/15, 2015/16 and 2016/17 [EB044] p34

<sup>20</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] paragraph 4.72

<sup>21</sup> *Ibid*, paragraph 4.73

<sup>22</sup> *Ibid*, paragraphs 5.66 and 5.67

- 1.18 The proposed housing requirement similarly takes no account of growth strategies, including the Council's own Economic Development Strategy which aims to transform the local economy and create 1,600 new jobs<sup>23</sup> by 2033.
- 1.19 The SHMA Update only tests the housing needed to support up to 1,350 jobs<sup>24</sup>, over a similar 15 year period to 2034, suggesting that in excess of 253 dwellings per annum would be needed to align with the Council's Economic Development Strategy.
- 1.20 The economic scenarios tested in the SHMA Update also fail to account for the growth strategy of the LEP, which is aiming to prevent or indeed reverse a forecast decline in the manufacturing sector. Given that a contraction of this sector is forecast in Rossendale – contrasting with the relative stability seen over recent years – the realisation of such a strategy would elevate the overall rate of job growth in the borough, beyond the levels anticipated by baseline forecasts<sup>25</sup>.
- 1.21 The omission of a scenario or scenarios to test the implications of growth strategies and infrastructure improvements are considered a fundamental weakness of the Council's latest evidence base reports.
- 1.22 As such, the proposed requirement for 212 dwellings per annum is not considered to be justified or soundly based, and must be increased to anticipate the impact of growth strategies for the area.

**iv. Will the provision of 3,180 homes/212 dpa ensure that identified affordable housing needs are delivered?**

- 1.23 No. Policy HS6 aims to secure 30% of homes delivered on larger sites as affordable housing, and planning to provide only 212 dwellings per annum could at best deliver up to 64 affordable homes each year. Even at this would clearly fail to meet the evidenced annual need for **at least 102** affordable homes in Rossendale, or as many as 170 such homes where positively seeking to reduce the amount spent on rent<sup>26</sup>. It would result in up to 1,600 households' needs remaining unmet over the plan period, as shown in the following chart. As set out in our response to Matter 3 the Council's evidence confirms that in reality the full scale of the shortfall will be even greater, recognising the constraints to the delivery of affordable housing resulting from the Plan's spatial distribution of housing allocations.

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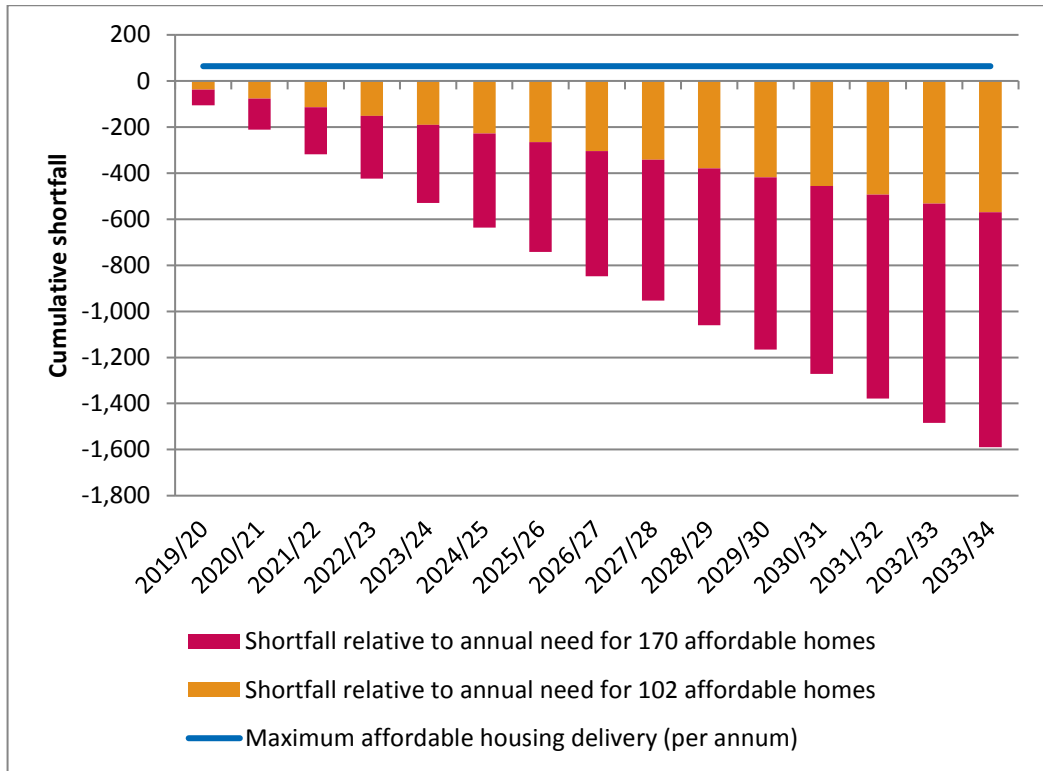
<sup>23</sup> Rossendale Borough Council (2018) Economic Development Strategy for Rossendale 2018-33 [SU008]

<sup>24</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] Table 4.4

<sup>25</sup> Paper 2 of our Regulation 19 submission: Assessment of Housing Needs, paragraphs 4.31 to 4.35 and paragraphs 5.11 to 5.13

<sup>26</sup> Lichfields (2019) Rossendale Borough Council Strategic Housing Market Assessment Update [EB002] paragraph 5.28 and Table 5.11

**Figure 1.1: Illustrating Shortfall Relative to Calculated Affordable Housing Need**



Source: Lichfields; Turley analysis

1.24 The SHMA Update arrives at a similar conclusion. It clearly advises the Council to:

*“...use its planning policy to maximise delivery of affordable housing given the scale of need identified. **An additional uplift will go some way towards meeting the high level of affordable housing need identified for Rossendale**”<sup>27</sup>*

1.25 While the Plan was drafted before the SHMA Update was produced, the Council has long since been aware of the significant need for affordable housing in Rossendale and indeed references the need to tackle this ‘considerable...issue...to prevent the problem from becoming more acute’ within the submitted Plan<sup>28</sup>. However, it clearly has not countenanced an increase in total housing provision to achieve this. This is considered to conflict with the PPG which requires such an increase ‘to be considered where it could help deliver the required number of affordable homes’<sup>29</sup>.

**v. Is the Plan period for housing (2019 – 2034) sufficient to take account of long-term requirements and opportunities and consistent with national policy (taking account of the estimated date of Plan adoption in 2020)?**

<sup>27</sup> *Ibid*, paragraphs 5.66 and 5.67

<sup>28</sup> Rossendale Borough Council (2019) Rossendale Local Plan Submission Version Written Statement [SD001] paragraph 82

<sup>29</sup> PPG Reference ID 2a-024-20190220

- 1.26 No. The NPPF is unequivocal that '*strategic policies should look ahead over a minimum 15 year period from adoption*'<sup>30</sup> (emphasis added). Adoption in 2020 would mean that the Plan covers a period of only 14 years, thereby conflicting with national policy.
- 1.27 This could have been prevented had the Council taken a more positive approach to its plan preparation, which built in additional flexibility and covered an extended period of time. Instead, its approach has simply sought to accommodate the absolute minimum level of housing growth permitted by national policy.
- 1.28 It is considered that the plan period should be extended at least to 2035, or beyond where there is seen to be a benefit in providing long-term certainty for those looking to deliver the homes that are needed in Rossendale.

**d) Is the separate requirement for 456 dwellings in Edenfield justified and supported by sound evidence? To what extent is it based on strategic borough-wide needs and priorities? Does the figure take account of all potential forms of housing supply?**

- 1.29 Housing allocation H72 is proposed to deliver 400 dwellings in a strong housing market area of the Borough. Peel's land ownership within this allocation is capable of delivering some affordable housing as a result and thus it will deliver benefits which many other allocations across the Borough, particularly those in the east of the Borough, cannot. To this end, Edenfield is a suitable location for residential development. To the extent that the Local Plan continues to limit supply to those other sources of land identified, this site is needed, though will not on its own address the critical supply shortcomings that Peel's Matter Statements 2, 3, 9-14 and 19 reveal.

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<sup>30</sup> MHCLG (2019) National Planning Policy Framework, paragraph 22