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Central Lancashire Housing Study

Final Report

Iceni Projects Limited on behalf of
Chorley, Preston and South Ribble

October 2019

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ON BEHALF OF CHORLEY,
PRESTON AND SOUTH
RIBBLE

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Central Lancashire

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APPENDICES

A1. PROJECTED CHANGE IN HOUSEHOLD TYPES

1. INTRODUCTION

- 1.1 Icen Projects, on behalf of the Central Lancashire Councils – Chorley, Preston and South Ribble – have been commissioned to prepare this Housing Study in the context that the Councils are at an early stage of the preparation of the Review of the Central Lancashire Local Plan and there is a need to bring together key evidence in respect of housing need.
- 1.2 The Housing Study has been commissioned to update and develop elements of the analysis set out in the Central Lancashire Strategic Housing Market Assessment (September 2017) and principally do two things:
- Advise on the scale of housing need and the interim distribution of housing across Central Lancashire to inform a revised Memorandum of Understanding; and
 - Provide a robust up-to-date evidence base regarding the scale, type and mix of housing which is needed to inform the development of the local plan and consideration of the housing mix on individual development sites.
- 1.3 The introduction of the standard method for calculating local housing need and the age of the adopted Central Lancashire Core Strategy mean that the previously agreed Memorandum of Understanding¹ signed by all three local authorities on the level of housing need and distribution of housing across Central Lancashire needs to be revisited.
- 1.4 The housing study will in effect provide a robust basis for working to agree (a) an updated level of housing need to plan for across the Central Lancashire HMA; and (b) how this level of housing need is to be appropriately distributed across the three authorities through an updated Memorandum of Understanding. This may then need to be reviewed over time to take account of further evidence arising.

Structure of the Study

- 1.5 The structure of the remainder of the report is as follows:
- Section 2: National Planning Policy and Guidance
 - Section 3: Overall Housing Need
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¹ Central Lancashire Strategic Housing Market - Joint Memorandum of Understanding and Statement of Co-Operation relating to the Objectively Assessed Need for Housing (September 2017)

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- Section 4: The Distribution of Housing Need
 - Section 5: Affordable Housing Need
 - Section 6: Development Densities
 - Section 7: Needs of Older Persons and those with Disabilities
 - Section 8: Need for Different Sizes of Homes
 - Section 9: Emerging Market Segments
 - Section 10: Conclusions and Recommendations

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2. NATIONAL PLANNING POLICY AND GUIDANCE

- 2.1 This section sets out a brief overview of the national planning policy context which has emerged since the preparation of the Central Lancashire Strategic Housing Market Assessment (“SHMA”) (2017) in respect of assessing local housing need.

National Planning Policy Framework (February 2019)

- 2.2 The latest version of the National Planning Policy Framework was published by Government on 19th February 2019. The Framework (paragraph 7) states that the purpose of planning is to contribute to the achievement of sustainable development. It states (paragraph 9) that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 2.3 Accordingly, plans should apply a presumption in favour of sustainable development. For plan-making this means that plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so (paragraph 11).
- 2.4 The development plan must include strategic policies to address each local planning authority’s priorities for the development and use of land in its area. These policies can be contained in joint or individual local plans.
- 2.5 The Framework (paragraph 26) notes that effective and on-going joint working between strategic policy-making authorities is integral to the production of a positively prepared and justified strategy. It sets out that joint working can address a range of issues, including helping to determine where additional infrastructure is necessary; and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.
- 2.6 The Framework (paragraph 27) states that authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. Housing provision is a cross-boundary issue in many areas.
- 2.7 In order to support the Government’s objective of significantly boosting the supply of homes, the Framework (paragraph 59) states it is important that a sufficient amount and variety of land can come

forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.

- 2.8 The Framework (paragraph 60) sets out that in order to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.
- 2.9 The Framework (paragraph 61) is also clear that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 2.10 The NPPF Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.

Planning Practice Guidance

- 2.11 The Planning Practice Guidance on housing needs assessments² provides local authorities with a guide on how to approach the standard method for assessing local housing need and provides an overview of the formula. This is dealt with further in the section on overall housing need.
- 2.12 The PPG sets out that the Government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. It recognises that the standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area and ultimately, there will be circumstances where it will be appropriate to consider if actual housing need is higher than the standard method indicates and provides some examples of where this may be appropriate.
- 2.13 In instances where local housing need is being calculated for Local Plans which cover more than one area – as will be the case for a new joint plan for Central Lancashire - the PPG states that the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area. It will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.

² Paragraph: 004 Reference ID: 2a-004-20190220

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- 2.14 The PPG also states that authorities will need to consider how the needs of individual groups can be addressed within the overall need established. The need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately. There is specific PPG on *self-build and custom housebuilding* and PPG on *Build to Rent* which should be taken into account in doing so.
- 2.15 In June 2019, a new PPG on *housing or older and disabled people* was published which provides guidance for authorities preparing policies on housing for this specific group. This PPG provides an overview of the evidence which can be utilised in assessing older person's needs; the different types of specialist housing available and the requirements for accessible housing – this should also be taken into account in assessing the needs of specific groups.
- 2.16 The PPG on *plan-making* provides further guidance for local authorities working together on Joint Plans. It provides guidance on Statements of Common Ground and what these should contain; including guidance on the distribution of needs within the strategic policy-making authority areas covered by the Statement.

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3. OVERALL HOUSING NEED

- 3.1 This section considers the overall housing need for Central Lancashire as a whole. The starting point for this is the standard methodology for calculating housing need, which is clearly set out in Planning Practice Guidance.

Housing Need and the Standard Method

- 3.2 As the authorities have (and are in the process of updating) a Joint Strategic Plan, it is appropriate to consider the needs of Central Lancashire as a whole. As Planning Practice Guidance³ sets out, the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area. It will then be for the authorities to distribute the total housing requirement which is then arrived at across the plan area. Issues of the distribution of the housing need are addressed in Section 4.

Step One: Setting the Baseline

- 3.3 The starting point in considering housing need against the standard method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten year period, with the current year being the first year i.e. 2019 to 2029.
- 3.4 This results in household growth of 901 dwellings per annum over the ten year period across Central Lancashire, as is shown in the Table below.

Table 3.1 Central Lancashire Household Growth, 2019 to 2029

Central Lancashire	Chorley	Preston	South Ribble	HMA
Households in 2019	50,049	59,133	47,790	156,972
Households in 2029	55,032	61,379	49,569	165,980
Change (2019-2029)	4,983	2,246	1,779	9,008
Annual	498	225	178	901

Step Two: Affordability Adjustment

- 3.5 The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals. The adjustment increases the housing need where the house price to income ratio is above 4. It uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for

³ Paragraph: 004 Reference ID: 2a-004-20190220

which data is available. The latest (workplace-based) affordability data is for 2018-based and was published by ONS in March 2019.

- 3.6 The Guidance states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

$$[\text{Affordability Factor} = ((\text{local housing need} - 4)/4) \times 0.25]$$

- 3.7 Applying this calculation to household growth in the Central Lancashire authorities (as shown in Table 3.2) results in a local housing need figure for 1,026 dwellings per annum, as is shown in the Table below.

Table 3.2 Local Housing Need (2019-2029) – Affordability Adjustment

Central Lancashire	Chorley	Preston	South Ribble	HMA
2014-based Household Growth	498	225	178	901
Median Affordability Ratio, 2018	6.6	5.2	6.5	-
Adjustment	16%	7%	16%	-
Local Housing Need	579	241	206	1,026

Step Three: The Cap

- 3.8 The third and final step of the standard method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.
- The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

- 3.9 In the case of the Central Lancashire authorities, the second situation is relevant given the most recent Local Plan⁴ is more than five years old. The impact of the cap is shown in the Table below for all three authorities.

⁴ The Central Lancashire Core Strategy (July 2012)

Table 3.3 Local Housing Need – Capping the Increase

Central Lancashire	Chorley	Preston	South Ribble
Date of Plan Adoption	17.07.2012	05.07.2012	18.07.2012
Plan Housing Requirement	417	507	417
Cap at 40% above Household Growth	698	314	249
Cap at 40% above Housing Requirement	584	710	584
Higher Figure:	698	710	584

- 3.10 In all cases, the cap exceeds the local housing need figure established under step two. As a result, the minimum local housing need figure across the Central Lancashire HMA is 1,026 dwellings per annum, as set out in Table 3.2. No cap is applied.

Sensitivity Testing

- 3.11 The calculation of local housing need using the standard method is currently based on household growth drawn from the 2014-based Household Projections; consistent with the advice in the PPG. We consider it is prudent to review the 2014-based demographic evidence which feeds into the current standard method figures and consider the use of the latest demographic evidence, the 2016-based Household Projections.

2016-based Household Projections

- 3.12 The 2014-based Household Projections do not represent the latest available evidence on household growth. It is therefore prudent to consider more recent household projections. These are the latest official projections, the 2016-based Household Projections, which were published by ONS in September 2018.
- 3.13 In testing the impact of the 2016-based Household Projections in a Central Lancashire context, we have set out to quantify the projected household growth in the first instance in the Table below.

Table 3.4 2016-based Household Growth, 2019 to 2029

	Households, 2019	Households, 2029	Change	Change (%)
Chorley	50,141	55,193	5,052	10.1%
Preston	57,798	58,058	260	0.4%
South Ribble	47,628	49,189	1,561	3.3%
C Lancashire	155,567	162,440	6,873	4.4%
North West	3,134,305	3,272,215	137,910	4.4%
England	23,385,949	25,034,815	1,648,866	7.1%

- 3.14 The Table below sets out a comparison of the 2014-based Household Projections and the 2016-based Household Projections for each authority and the HMA overall.

Table 3.5 Sensitivity Analysis – Household Growth, 2019 to 2029

	Households, 2019	Households, 2029	Change	Change (%)
Chorley				
2014-based	50,049	55,032	4,983	10.0%
2016-based	50,141	55,193	5,052	10.1%
Preston				
2014-based	59,133	61,379	2,246	3.8%
2016-based	57,798	58,058	260	0.4%
South Ribble				
2014-based	47,790	49,569	1,779	3.7%
2016-based	47,628	49,189	1,561	3.3%
Total HMA				
2014-based	156,972	165,980	9,008	5.7%
2016-based	155,567	162,440	6,873	4.4%

- 3.15 The Table shows that across the HMA, the 2016-based Household Projections anticipate household growth of 6,873 against the 2014-based Household Projections at 9,008 households which is equal to a 24% fall in projected household growth at an HMA level. A reduction which is particularly apparent in Preston and South Ribble.

- 3.16 There are two components to the household projections: the population projections; and the assumptions on household formation (headship rates). The household projections are essentially derived from applying household formation (headship) rates by age and sex to the projection population growth. The Table below sets out further sensitivity analysis with a number of scenarios, this time considering:

- (a) 2014-based Sub National Population Projections with 2016-based headship rates; and
- (b) 2016-based Sub National Population Projections with 2014-based headship rates.

- 3.17 This is used to interrogate the reasons why projected household growth has fallen from one set of official household projections to the next.

Table 3.6 Sensitivity Analysis – Alternative Scenarios, 2019 to 2029

	2014-based Household Projections	2016-based Household Projections	2014-based SNPP with 2016 Headship Rates	2016-based SNPP with 2014 Headship Rates
Chorley	498	505	490	509
Preston	225	26	137	101
South Ribble	178	156	174	165
HMA	901	687	802	774

- 3.18 The Table shows that at an HMA level, the 2016-based SNPP represent 59% (i.e. a fall of 127) of the change between the 2014-based and 2016-based Household Projections; whereas household formation rates represent 41% of the change (i.e. a fall of 87).
- 3.19 The 2016-based Household Projections have however faced criticism following their publication for a number of reasons – particularly around the changes in assumptions and methodology to projecting household formation by ONS. ONS adopt lower assumptions on fertility and international migration than previous projections; and higher assumptions on mortality. Furthermore, the latest household projections use just two data points – from the 2001 Census and 2011 Census – to project household formation to 2021, and then hold household formation constant thereafter.
- 3.20 This latter issue “bakes in” short-term trends in the ability of households to form and projects them forwards; taking account of a period in which the affordability of housing deteriorated or constrained credit availability and housing market activity. As a result, they build in the suppression of household formation experienced in that time, particularly for younger age groups. The previous 2014-based projections used a longer time-series i.e. all Census points back to 1971; and are therefore subject to a much narrower error margin.
- 3.21 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – one of the key elements of this consultation was around the standard method and the use of the 2016-based Household Projections within it. In the technical consultation document, the Government made its views clear in setting out that:
- Household projections are constrained by housing supply. If new, additional homes are not supplied, then households cannot form as there would be nowhere for them to live. This means that actual household growth cannot exceed the number of additional homes which are supplied.
 - The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall.

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- The above factors have led to declining affordability, as evidenced by the decrease in the number of people living in an area with an affordability ratio of 4 (i.e. house prices four times that of earnings). Similarly, there has been an increase in those living in areas with an affordability ratio of more than 8 (i.e. house prices eight times that of earnings). This indicates that the Government should not be less ambitious for housing supply.
 - Other things being equal, a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increasing demand, such as declining affordability, relative to a housing supply that is less responsive.

3.22 The Government issued a formal response to the technical consultation in February 2019 which effectively concludes that the 2014-based Household Projections should continue to be used as the demographic starting point. The Government also explicitly set out that it “continues to think that the 2016-based household projections should not be used as a reason to justify lower housing need”. It also updated the PPG setting out explicitly that **“any method which relies on using the 2016-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework ... it is not considered that these projections provide an appropriate basis for use in the standard method.”**

3.23 The limitations presented by the 2016-based Household Projections are clearly relevant in Central Lancashire. The PPG explicitly states that the latest household projections should not form the demographic starting point and should not be used to move towards a lower housing need figure. In line with the Government’s view, the 2014-based Household Projections should continue to be used as the demographic starting point for calculating housing need.

Local Housing Need: Summary and Conclusions

The PPG is clear that where strategic policies are being produced jointly, the housing need for the defined area should at least be the sum of the local housing need for each local planning authority; and it is then for the authorities to distribute the need across the plan area.

The analysis in this section has confirmed that **the minimum local housing need figure for Central Lancashire is 1,026 dwellings per annum.**

4. THE DISTRIBUTION OF HOUSING NEED

4.1 This section considers various potential approaches to distributing the overall level of housing need in Central Lancashire across the three local authorities; and overlays a number of variables including population, jobs and urban capacity and reviews strategic development constraints to arrive at a recommended distribution. This section provides a basis for producing and maintaining a Statement of Common Ground throughout the plan-making process regarding the distribution of development.

Alternative Approaches to the Distribution of Housing Need

4.2 The Planning Practice Guidance states that local housing need assessments may cover more than one area, in particular where strategic policies are being produced jointly. In such cases, the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area; i.e. as we have set out above under Section 3 for Central Lancashire. The Guidance says that it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.

4.3 There are a number of ways to approach the distribution of housing need between the three authorities across the plan area. These are explored in this section.

4.4 The current balance of population is distributed as set out in the Table below. This shows that Preston accounts for 38% of the total population in Central Lancashire; whereas, Chorley accounts for 32% and South Ribble accounts for 30%.

Table 4.1 Central Lancashire Distribution of Population (2017 MYPE, 2018)

	2017 Mid-Year Population Estimates	% of Total
Chorley	115,772	32%
Preston	141,346	38%
South Ribble	110,400	30%
Central Lancashire	367,518	100%

4.5 It is also helpful to consider the current distribution of workforce i.e. those who are economically active; which we have drawn from the Annual Population Survey from 2018. This is set out in the Table below.

Table 4.2 Central Lancashire Workforce Distribution (Annual Population Survey, 2018)

	Workforce ⁵	% of Total
Chorley	63,500	32%
Preston	75,100	38%
South Ribble	58,700	30%
Central Lancashire	197,300	100%

4.6 As the table shows, the distribution of workforce aligns with the distribution of population across Central Lancashire as might be expected.

4.7 Turning to jobs, we have considered the latest available data from the ONS Business Register and Employment Survey (2017). The results of this are set out in the Table below for the Central Lancashire authorities.

4.8 A strategy which sought to more closely balance the distribution of homes and jobs might be influenced by the distribution of workforce or jobs, or more closely align the two. This would ultimately promote a higher level of development in Preston – with 48% of all jobs across Central Lancashire found in Preston. Locating homes close to jobs should help to minimise the need to travel.

Table 4.3 Central Lancashire Jobs Distribution (BRES, 2017)

	Jobs	% of Total
Chorley	39,000	22%
Preston	86,000	48%
South Ribble	54,000	30%
Central Lancashire	179,000	100%

4.9 On the other hand, it might be appropriate for the distribution to take account of and address relative affordability. As the Table shows below, this might promote a higher level of development in Chorley and South Ribble in response to ‘market signals’; with these areas having workplace-based affordability ratios of 6.6 and 6.5 respectively. Equally however, providing homes in the more affordable authority of Preston might make new housing more accessible to people on lower incomes.

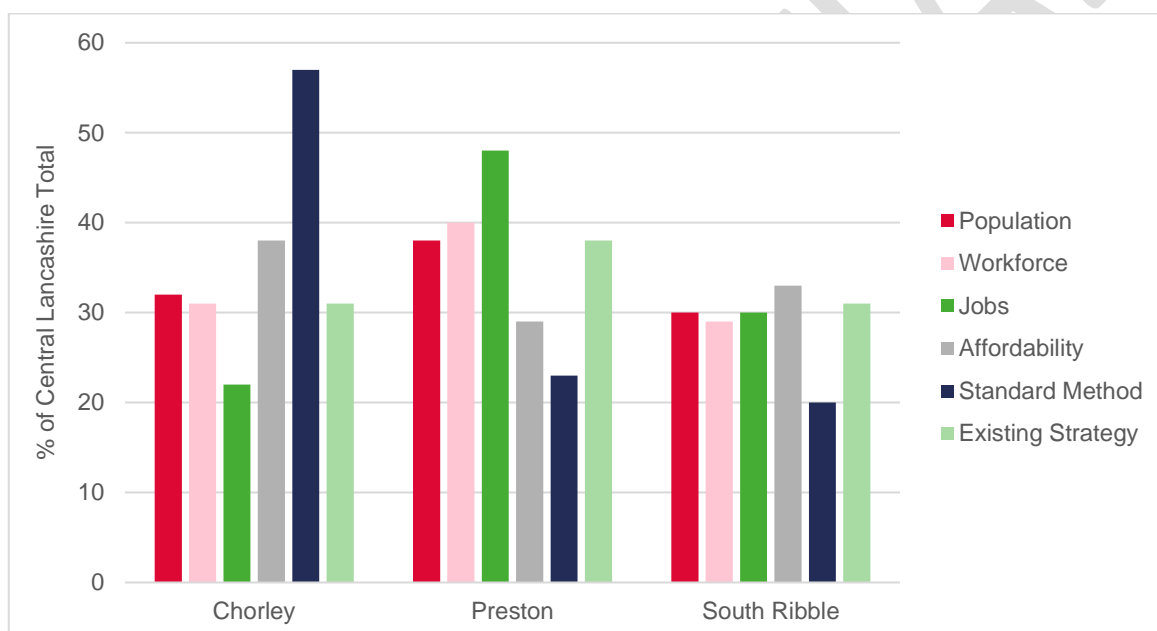
⁵ Measures as those who were economically active between January 2018 – December 2018

Table 4.4 Central Lancashire Affordability (Workplace-Based, ONS 2018)

	Affordability Ratio	% of Total
Chorley	6.6	36%
Preston	5.16	28%
South Ribble	6.51	36%
Central Lancashire	18.27	100%

4.10 The Figure below brings all of these together and portrays the alternative approaches which could be taken forward alongside the distribution brought about through the standard method and the current distribution in the 2012 Central Lancashire Core Strategy.

Figure 4.1 Alternative Approaches to the Distribution of Need



4.11 The above Table and analysis demonstrates that there are various ways in which we can look at the distribution of housing need. It demonstrates that if we look at the distribution of population, workforce and jobs in isolation; it would support Preston receiving higher levels of growth than both Chorley and South Ribble.

4.12 However, in consideration of the standard method figure on an authority-by-authority basis, the Figure clearly shows that this focuses 57% of the HMA's total housing provision in Chorley; with only 23% in Preston and 20% in South Ribble. This is significantly at odds to the distribution of people, jobs and services. Clearly, there is a need to look beyond the standard method's distribution of housing need and we seek to provide further context on this below.

4.13 There is however a rationale and justification for seeking to look at the distribution of development in a closer way than simply relying on the standard method; which is particularly influenced by the level

of development in different areas between 2009-14, the core period for which the 2014-based Population Projections were derived. Over this period, 60% of the HMA's completions were in Chorley and just 16% in Preston; and this has fed through to the demographic baseline in the standard method figures. There is no clear reason as to why this distribution of development should necessarily be maintained moving forwards.

Table 4.5 Distribution of Housing Completions, 2009/10-2013/14

	Chorley	Preston	South Ribble	Central Lancs
Completions 2009-14	2,739	741	1,076	4,556
% Completions	60%	16%	24%	100%

Source: Chorley, Preston and South Ribble Monitoring Reports

4.14 In order to reaffirm this, we have also considered housing completions over the five year period from 2014/15 to 2018/19. The analysis shown in the Table below demonstrates that there has been a notable shift in the balance of completions between Chorley and Preston (with completions in Preston increasing by 302% over the more recent five year period); whilst completions in South Ribble have increased in absolute terms.

4.15 This is inherently linked to the City Deal which is expected to have a greater impact in South Ribble over the coming years and continue to influence Preston and South Ribble for a number of years to come. Readdressing the distribution across the three authorities to be more reflective of the City Deal aspirations is an important consideration which feeds into our recommendation in this section.

Table 4.6 Distribution of Housing Completions, 2014/15-2018/19

	Chorley	Preston	South Ribble	Central Lancs
Completions 2014-19	3,071	2,980	1,855	7,906
% Completions	39%	38%	23%	100%

Existing Spatial Strategy

4.16 The distribution of housing provision will invariably be influenced by the emerging Central Lancashire Local Plan Review's strategic objectives and spatial strategy. As a result, it is a useful starting point to consider the existing spatial strategy and focus for housing growth across the three local authorities which we have drawn out in Figure 4.1 above; and which places a greater focus of growth at Preston.

4.17 The Central Lancashire Core Strategy (July 2012) acknowledges Preston's emergence as 'a new economic force' which had survived the decline in manufacturing employment that had affected other parts of Lancashire and the North West. The Core Strategy recognises the City Centre of Preston

as the largest concentration of commercial activity in Central Lancashire; and notes the University of Central Lancashire in Preston as a significant driver for economic growth.

4.18 However, the rationale for growth in Central Lancashire and the focus on Preston was also influenced by the North West Regional Spatial Strategy⁶ (“RSS”). The RSS identified the City of Preston as the main foci of the sub-region. The RSS fundamentally aimed to support the vision to development Central Lancashire as an area where economic growth is focussed at Preston. This economic growth would be supported by high quality investment sites in sustainable locations that meet the requirements of business and industry.

4.19 The RSS identified the Greater Preston “core area” of the City Region based on the administrative areas of Chorley, Preston and South Ribble, as an area which provides a significant economic focus for the sub-region. It set out under Policy CLCR2 that development would be located primarily in the City of Preston; noting the following strengths and opportunities for Preston:

- focal point at the intersection of north-south and east-west transport corridors;
- established advanced engineering and aerospace industries;
- centre of public administration, justice and financial services;
- University of Central Lancashire, with links to knowledge-based business;
- regional public transport gateway and interchange;
- retail and service centre.

4.20 Derived from the RSS and set out in the Central Lancashire Core Strategy, the Table below sets out the housing requirement across the Central Lancashire HMA across the current plan period from 2010 to 2026 of 1,341 dwellings per annum equating to around 21,500 homes in total over the plan period.

Table 4.7 Core Strategy Housing Requirements, Central Lancashire

	Requirement (p.a.)	% of Total
Chorley	417	31%
Preston	507	38%
South Ribble	417	31%
HMA Total	1,341	100%

4.21 The Core Strategy sets out a total provision for Central Lancashire of 22,158 new homes over the 16-year plan period; including prior under provision of 702 homes. A breakdown of the broad distribution of housing development in Central Lancashire with references to strategic sites and

⁶ North West of England Plan Regional Spatial Strategy to 2021 (September 2008)

locations is set out below. The Plan notes that this is a predicted distribution based on the potential for development rather than the proportions that are required to be met.

Table 4.8 Core Strategy Predicted Proportions of Housing Development (2010-2026)

Location	Total	% of Total
Preston and South Ribble Urban Area including Cottam, Central Preston, North West Preston, South of Penwortham and Elsewhere	10,600	48%
Buckshaw Village Strategic Site	2,300	10%
Key Service Centres	5,500	25%
Urban Local Service Centres	2,100	9%
Rural Local Service Centres and Elsewhere	1,700	8%
Total	22,200	100%

- 4.22 As is shown, the Core Strategy predicted that 48% of the total supply would be developed at strategic sites and location within the urban area of Preston and South Ribble – driven principally by the large strategic sites in North West Preston, Central Preston, Cottam and South of Penwortham.
- 4.23 The existing spatial strategy, coupled with the existing distribution of population, workforce and jobs as portrayed in Figure 4.1 provides us with an alternative perspective given that the standard method figure points to a distribution very much centred on reinforcing higher levels of growth at Chorley.

Strategic Development Constraints & Considerations

- 4.24 The Framework (paragraph 103) is clear that the planning system should actively manage patterns of growth in support of promoting sustainable transport objectives; focussing development on locations which are or can be made sustainable. In the context of potentially reviewing Green Belt boundaries, the Framework (paragraph 138) is also clear that if boundaries are to be reviewed, there is a need to promote and take account of sustainable patterns of development and that other options for development of land which isn't Green Belt have been fully explored.
- 4.25 The PPG is also clear that in assessing the suitability, availability and achievability of sites, local authorities should consider constraints including those set out in the Framework under footnote 6 including the Green Belt, AONB or other protected areas such as Sites of Specific Scientific Interest and Local Green Space.
- 4.26 Icenl has therefore reviewed strategic development constraints across Central Lancashire. Upfront, it should be noted that the Central Lancashire HMA authorities have varying levels of strategic constraints. The Government's record of the proportion of land area covered by constraints for each authority area is set out in the Table below. This analysis is drawn from the MHCLG's consultation on the standard method for calculating housing need in 2017.

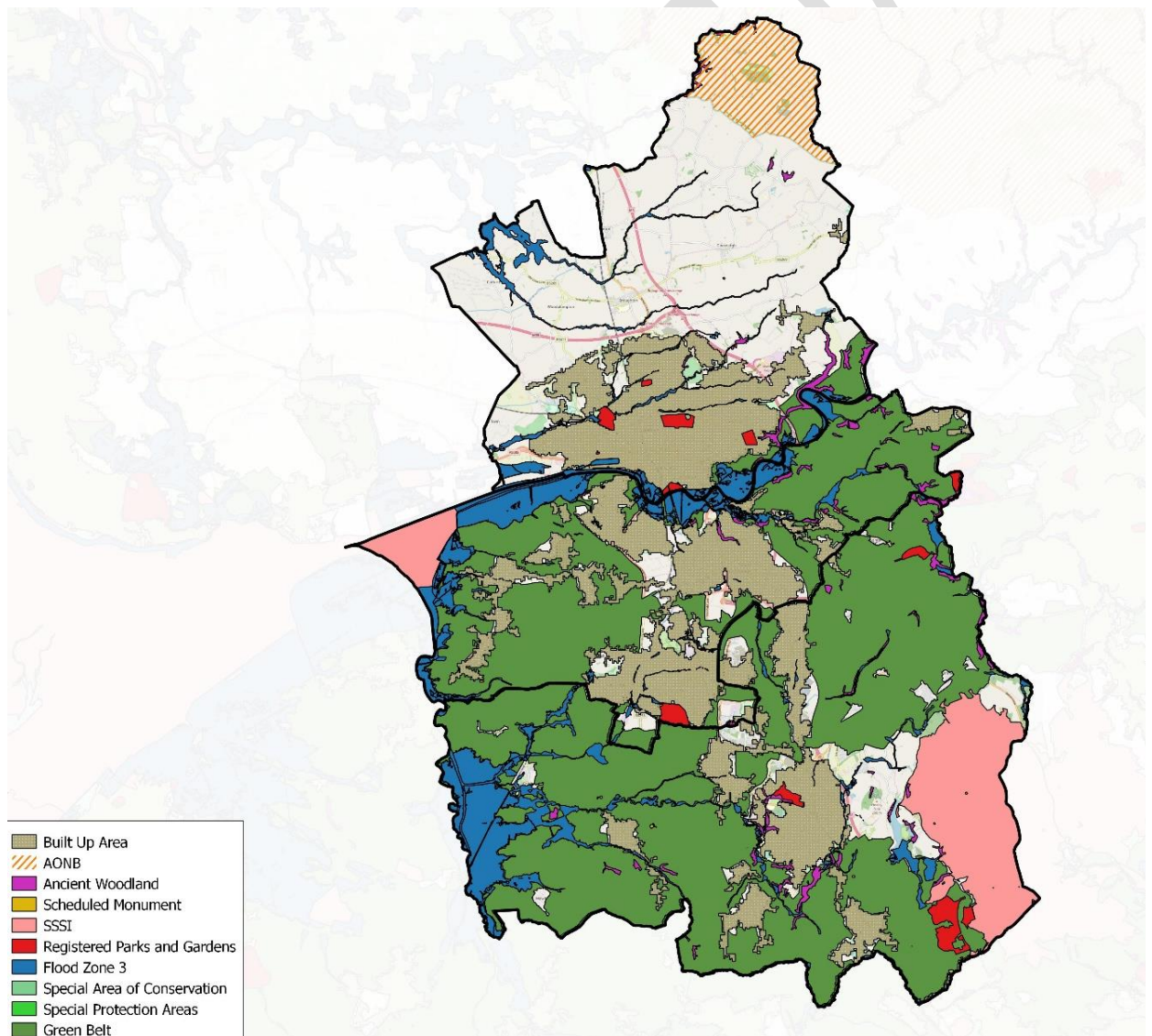
Table 4.9 Proportion of Land Covered by Significant Constraints

Area	Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest
Chorley	80%
Preston	14%
South Ribble	69%

Source: MHCLG's Planning for the Right Homes in the Right Places: Housing Need Consultation Data Table (2017)/ Council data

4.27 In order to visualise this, we have produced a map which looks at the three authority areas and sets out the key, nationally significant constraints identified in the Framework under footnote 9. This is shown in the Figure below.

Figure 4.2 Central Lancashire – Nationally Significant Constraints



4.28 Evidently, Chorley and South Ribble are Boroughs which are heavily constrained by nationally significant constraints including Flood Zone 3, Sites of Special Scientific Interest, Registered Parks and Gardens which the Framework seeks to protect. The Boroughs are also heavily constrained by Green Belt, which the Framework (paragraph 133) says should only be amended in exceptional circumstances through the plan-making process.

4.29 The extent to which each authority area is constrained is an important influence on the appropriate distribution of housing need.

Urban Housing Capacity

4.30 The local authorities existing housing land supply position is also a component in considering the appropriate distribution of housing; and it is necessary to overlay this information on top of the considerations set out above.

4.31 The Framework (paragraph 67) states that local authorities need to have a clear understanding of the land availability within their area and identify a sufficient supply and mix of sites for inclusion within their strategic housing land availability assessment. Drawing from this, authorities through policy in their Local Plan, should then identify a supply of specific, deliverable sites for years one to five of the plan period; and specific, developable sites or broad locations for growth for years 6-10 and, where possible, for years 11-15 of the plan.

4.32 In the context of potentially reviewing Green Belt boundaries in areas which are constrained by Green Belt such as Chorley and South Ribble, the Framework (paragraph 138) is clear that authorities should be able to demonstrate that it has examined fully all other reasonable options for meeting identified need before concluding boundaries should be reviewed.

4.33 Our starting point has therefore been to establish the total potential capacity for housing taking account of existing commitments, allocations, brownfield sites and underutilised land identified in the Councils' land supply.

4.34 The local planning authorities have supplied us with housing land supply information which is set out in the following:

- Central Lancashire Strategic Housing and Employment Land Availability Assessment (July 2019)
- Chorley Housing Land Monitoring Report (April 2019)
- Preston City Council Housing Land Position Statement (April 2019)
- South Ribble Housing Land Monitoring Report (July 2019)

-
- 4.35 The key document is the Central Lancashire Strategic Housing and Economic Land Availability Assessment (“SHELAA”)’ which is an assessment which seeks to identify a future supply of housing and employment land which is suitable, available and achievable over the plan period in Central Lancashire.
- 4.36 As is clear from the PPG⁷, the assessment does not in itself determine whether a site should be allocated for development. It is the role of the assessment – the SHELAA - to determine on the basis of available information whether or not sites are available to meet the Central Lancashire authorities requirements. The assessment is not expected to determine which of these sites are most suitable to meet those requirements however; as this is the role of the Local Plan.
- 4.37 As part of the Councils’ Call for Sites exercise, an indicative site capacity was requested from each submission which would then be subject to corrections upon further analysis. The SHELAA’s methodology used to assess each site is set out in detail within the “CLLP Strategic Housing and Economic Land Availability Methodology Statement, Iteration 1 - April 2019” document. This document also provides an overview of the broad assumptions used to arrive at a nominal capacity figures for each site. However, it should be noted that the SHELAA methodology for calculating the net developable area and the density is yet to be finalised and as a result, the interim methodology recognises that any initial calculations may be reviewed in subsequent iterations.
- 4.38 The broad assumptions used to calculate capacity are as follows:
- Assumed net ratio (i.e. the initial net developable area) to be applied to housing sites of different sizes; set out as follows:
 - Site of less than 0.4 ha: 90% of site developed for housing
 - Site of 0.4 ha to 4.9 ha: 80% of site developed for housing
 - Site of 5 ha to 10 ha: 60% of site developed for housing
 - Site over 10 ha: 50% of site developed for housing
 - Density assumption applied used a standard density multiplier of 35 dph for all housing sites. It is recognised that a 35 dph will not always be appropriate for every site (i.e. Preston City Centre will be higher; or isolated rural sites may be lower). This assumption does however provide a steer on the nominal capacity for housing. At Section 6 of this report, additional guidance is provided on establishing appropriate density assumptions.

⁷ PPG on Housing and Economic Land Availability Assessment, Paragraph: 001 Reference ID: 3-001-20190722

4.39 By drawing together the supply information provided by the local authorities and through applying the broad assumptions (including in respect of net developable area and density), there is a nominal capacity for 77,459 homes across Central Lancashire as a result of submissions to the SHELAA process.

4.40 The Table below sets this out; however, it should be stressed that this figure has not been subject to detailed constraints testing and the figures set out are not an indication of deliverable or developable supply. For instance, some of the sites included within the Table below are situated within the Green Belt or Flood Zone 3. There is also the possibility that there is an element of double counting in the sites submitted to the SHELAA process which have yet to be filtered out.

Table 4.10 Central Lancashire Total Nominal Housing Capacity

Housing Land Supply	CBC	PCC	SRBC	HMA
All SHELAA Housing Submissions	21,818	27,335	28,306	77,459
% HMA Total	28%	35%	37%	100%

4.41 The total nominal capacity for housing across the Chorley, Preston and South Ribble would be split on a percentage basis of 28%, 35% and 37% respectively. However, in line with the Framework (paragraph 137) this should not be viewed as the confirmed starting position. The starting point for establishing the housing capacity of the Central Lancashire authorities in the context of demonstrating exceptional circumstances around Green Belt release is suitable brownfield sites and underutilised land.

4.42 For the purpose of arriving at a broad urban capacity figure for the three Central Lancashire authorities, Icenl has removed all sites which either fall wholly within the Green Belt or fall wholly on greenfield sites. The nominal capacity on this basis is reduced to 29,549 dwellings. The Table below provides a breakdown of this land supply taking account of these broad assumptions.

Table 4.11 Calculating the Urban Capacity for Central Lancashire

Housing Land Supply	CBC	PCC	SRBC	HMA
All SHELAA Housing Submissions	21,818	27,335	28,306	77,459
Wholly within Green Belt	-15,534	-22	-16,412	-31,968
Wholly within the Countryside	-1,030	-14,896	-16	-15,942
Nominal Urban Capacity (max.)	5,254	12,417	11,878	29,549
% of Urban Capacity	18%	42%	40%	100%

4.43 As the analysis shows, the higher proportion of constraints in Chorley are reflective of the available urban capacity in the Borough representing 18% of all 'available' land. It is anticipated that Preston and South Ribble would therefore be able to accommodate a higher proportion of the plan area's need without the need to release Green Belt or greenfield land.

The Recommended Approach to the Distribution of Need

- 4.44 It is apparent that there are a number of ways to approach the distribution of housing need including drawing on the existing distribution of housing with reference to housing land supply, population, workforce and jobs; and acknowledging the extent of nationally significant constraints across the HMA, and the Framework's direction on directing growth towards the most sustainable locations.
- 4.45 Our approach seeks to overlay these variables in order to arrive at an interim distribution which is supported by clear logic which will in turn support sustainable patterns of development; drawing on components which include:
- Optimising urban capacity through making as much use as possible of suitable brownfield sites and underutilised land as well as optimising densities (considered further in Section 6);
 - Seeking to locate homes close to jobs in order to build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support economic growth, innovation and improved productivity;
 - Readdressing the distribution of housing to be more reflective of the Preston and South Ribble City Deal aspirations; and
 - Responding to the proportion of land take currently subject to nationally significant constraints referenced in the Framework in each authority area.
- 4.46 Drawing the analysis in this section together, the Table below sets out the various variables which have influenced our recommendation on the distribution of housing need. Icenl considers that 27.5% of the local housing need should be distributed to Chorley, 40% to Preston and 32.5% to South Ribble through a revised Memorandum of Understanding based on the evidence herein. It is however for the respective authorities to formally agree between them the appropriate distribution.
- 4.47 Icenl recommends that the highest proportion is distributed to Preston recognising that this is the higher order centre within the sub-region with the greatest range of services and employment opportunities, with investment and funding being utilised as a result of the City Deal. It is also subject to the lowest proportion of nationally-significant development constraints.
- 4.48 Chorley sees the lowest proportion at 27.5% reflecting that it has a lower level of employment opportunities than other areas, more limited urban capacity, and a significant level of nationally-significant development constraints, in particular Green Belt.
- 4.49 South Ribble sees a distribution which is slightly above the current proportion of employment, but sits between this and the current population base and slightly above that in Chorley reflecting the

lower proportion of land subject to nationally-significant constraints and higher level of urban capacity. The Borough is also being supported by investment and funding as a result of the City Deal. Preston and South Ribble also have a greater affordable housing need (see Section 5 analysis).

Table 4.12 Recommended Distribution for Central Lancashire

Variable	CBC	PCC	SRBC
Jobs Distribution	22%	48%	30%
Population Distribution	32%	38%	34%
Affordability Distribution	36%	28%	36%
Workforce Distribution	32%	38%	30%
Nominal Urban Capacity	18%	42%	40%
Existing Spatial Strategy	30%	40%	30%
Land not Subject to National Constraints	20%	86%	33%
Recommended Distribution (%)	27.5%	40%	32.5%

Conclusions on Distribution of Housing Need

4.50 The implications of applying the recommended distribution to the total local housing need for Central Lancashire is set out in the Table below alongside the initial distribution as calculated through the application of the standard method.

Table 4.13 Distribution of Housing Need

	CBC	PCC	SRBC	Total
Local Housing Need (Standard Method)	579	241	206	1,026
% of Local Housing Need (Standard Method)	57%	23%	20%	100%
Recommended Distribution (%)	27.5%	40%	32.5%	100%
Local Housing Need (Iceni Analysis)	282	410	334	1,026

4.51 In summary, Iceni's recommended distribution results in a local housing need of 1,026 dwellings per annum distributed across the plan area as follows:

- **282 dwellings per annum in Chorley,**
- **410 dwellings per annum in Preston; and**
- **334 dwellings per annum in South Ribble.**

4.52 It is anticipated that an updated Memorandum of Understanding will be progressed and signed between the three authorities which draws on the conclusions set out on the distribution of identified

development needs in line with the PPG. These conclusions can also feed into a Statement of Common Ground to be maintained (and as appropriate updated) throughout the plan-making process.

- 4.53 The housing distribution within the HMA may need to be reviewed in due course in bringing together a range of evidence through the plan-making process, including any changes to the housing need, evidence on land availability, infrastructure and the findings of options testing through Sustainability Appraisal; as well as taking account of initial stages of consultation on the emerging plan.

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5. AFFORDABLE HOUSING NEED

- 5.1 This section provides an analysis of the need for affordable housing across the three Central Lancashire authorities. It addresses the revised definition of affordable housing set out in the Framework (February 2019).

Defining Affordable Housing

- 5.2 Affordable housing is defined by Government in the NPPF as “*housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route into home ownership and/or is for essential local workers).*” The NPPF then defines various forms of affordable housing including affordable housing to rent, starter homes, discounted market sale housing and other affordable routes into home ownership, including shared ownership housing.
- 5.3 Through the preparation of the NPPF and publication of associated Planning Practice Guidance, the Government has widened the definition of those considered to be in affordable housing need. It has traditionally encompassed households who require support or assistance to meet their basic housing needs. The expanded definition however now includes ‘*households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home*’ and for whom affordable housing products are an important stepping stone into home ownership.
- 5.4 There is limited guidance from Government on how to assess need against this expanded definition. The methodology used in this report therefore draws on the methodology (as set out in the PPG); and then seeks to estimate the number of households who can afford to rent privately without financial support but seek home ownership but require support to do so and the supply of affordable home ownership properties available for this group.
- 5.5 Our assessment looks at need in the 18-year period from 2018 to 2036, to be consistent with other analysis developed in the report.

Entry-Level Affordability

- 5.6 An important part of the affordable needs modelling is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’. The information about local housing costs is also relevant for analysis of the different tenures of affordable housing needed.

5.7 The entry-level costs of housing to both buy and rent have been assessed using Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents.

5.8 Data from the Land Registry for the year to March 2019 shows estimated lower quartile property prices by dwelling type. Entry-level prices are lower in Preston than other areas, with South Ribble typically showing the highest prices.

Table 5.1 Lower Quartile Cost of Housing to Buy – year to March 2019

	Chorley	Preston	South Ribble
Flat/maisonette	£76,000	£48,000	£80,000
Terraced	£84,000	£75,000	£95,000
Semi-detached	£127,000	£121,000	£130,000
Detached	£220,000	£213,000	£199,000
All dwellings	£116,000	£95,000	£125,000

Source: Land Registry

5.9 It is arguably more useful to consider the lower quartile prices by size of accommodation (number of bedrooms) and the table below shows an estimate of this. The information has been drawn from internet sources (such as Rightmove) and then constrained to be consistent with the figures shown from the Land Registry source.

Table 5.2 Lower Quartile to buy by size, year to March 2019

	Chorley	Preston	South Ribble
1-bedroom	£63,000	£56,000	£67,000
2-bedrooms	£95,000	£78,000	£95,000
3-bedrooms	£135,000	£108,000	£138,000
4-bedrooms	£225,000	£220,000	£228,000
All properties	£116,000	£95,000	£125,000

Source: Land Registry and internet price search

5.10 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this again covers a 12-month period to March 2019. The analysis shows an average lower quartile cost (across all dwelling sizes) of between £450 (Preston) and £500 per month (South Ribble). In general, the differences in rental costs are not as notable as for housing to buy.

Table 5.3 Lower Quartile Market Rents, year to March 2019

	Chorley	Preston	South Ribble
Room only	£347	£320	£450
Studio	-	£320	£330
1-bedroom	£388	£395	£395
2-bedrooms	£475	£475	£500
3-bedrooms	£550	£525	£583
4-bedrooms	£800	£668	£750
All properties	£475	£450	£500

Source: Valuation Office Agency

Local Income Levels

- 5.11 It is important to understand local income levels as these (along with the price/rent data) will influence the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy. Data about total household income has been based on ONS modelled income estimates, with data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes for different types of household.
- 5.12 We have used these data sources to construct an income distribution for the three local authorities for 2018. The table below shows average (mean) incomes and also the median and lower quartile estimates for each area. The analysis shows higher household incomes in Chorley and South Ribble, with lower figures in Preston.

Table 5.4 Estimated average household income by local authority and sub-area (mid-2018 estimate)

	Mean	Median	Lower quartile
Chorley	£43,100	£32,800	£19,000
Preston	£37,800	£28,700	£16,600
South Ribble	£42,800	£32,600	£18,800

Source: Derived from EHS and ONS data

Affordability

- 5.13 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis. CLG 2007 SHMA Practice Guidance suggested that 25% of income is a reasonable start point but also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 5.14 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold is

judgement based and we consider should be assessed having regard in particular to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold.

- 5.15 At £450-£500 per calendar month, lower quartile rent levels in Central Lancashire are relatively low in comparison to those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing would be towards the lower end of the range.
- 5.16 Across England, the lowest lower quartile rents are around £400 per month, and if these areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this would leave a residual income of £1,200 per month. With the same residual income applied to rents in Central Lancashire the percentage spent on housing would be in the range of 27-29%.
- 5.17 However, it needs to be considered that the cost of living may be slightly higher than in the cheapest parts of England and so a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income figure (27-29%). It has therefore been estimated that a threshold of around 26-27% would be appropriate – for modelling purposes a figure of 26% has been used in Preston and 27% in the other two local authorities.
- 5.18 Generally, the income required to access owner-occupied housing is higher than that required to rent (albeit marginally in the case of Preston) and so the initial analysis is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF and are returned to when looking at this new definition.

Need for Rented Affordable Housing

- 5.19 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as follows:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
 - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
 - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);

- These three bullet points added together provide an indication of the gross need (the current need is divided by 18 so as to meet the need over the 2018-36 period);
- Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe⁸); and
- Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing.

Table 5.5 Summary of analytical stages in assessing affordable housing need

Analytical stage	Description	Method
1 – Current need	An estimate of the number of households who have an affordable need now	Based on the categories of need set out in 2a-020 of the PPG and based on a range of data sources. For some analysis (e.g. overcrowding) Census data is used to provide a baseline which is then updated with reference to national changes informed by the English Housing survey (EHS). An affordability test is applied based on income and housing costs data.
2 – Newly forming households	An annual estimate of the number of new households forming with a need for affordable housing	The number of new households forming is based on outputs from the demographic projections, looking at younger households (aged under 45) forming for the first time. An affordability test is applied, again based on income and housing costs data. Analysis based on 2a-021 of the PPG.
3 – Existing households falling into need	An annual estimate of the number of existing households who will have a need in the future	Based on analysis of data on social housing lettings where accommodation has been provided to a household previously living in their own accommodation (whether rented or owned). No methodology for this stage is provided in the PPG and so the method used links to older SHMA guidance
4 – Supply of affordable housing	Annual estimate of the supply of relets from the existing stock	Based on trend data for the past 3-years, the estimate looks at the number of lettings before netting off the number of lettings in new homes and the number of transfers. This is to ensure that the number reflects the supply available from the existing stock. Based on 2a-022 of the PPG.

5.20 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the ‘development pipeline’). The analysis shows that there is a need for 590 dwellings per annum to be provided in the HMA with all areas seeing a similar level

⁸ The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

of need, ranging from 132 in Chorley to 250 in Preston. Gross need is estimated to be highest in Preston, however this area also has the highest projected supply from the existing stock of housing.

**Net Need = Current Need + Need from Newly-Forming Households + Existing Households
falling into Need – Supply of Affordable Housing**

Table 5.6 Estimated Need for Rented Affordable Housing (per annum) – 2018-36

	Chorley	Preston	South Ribble	Central Lancashire
Current need	30	76	35	141
Newly forming households	308	493	320	1,121
Existing households falling into need	163	311	128	602
Total Gross Need	501	881	482	1,864
Re-let Supply	369	631	273	1,273
Net Need	132	250	208	590

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Comparison with 2017 Assessment

- 5.21 The Table below compares the assessment of affordable housing need herein to that in the September 2017 report by GL Hearn. The analysis shows a slightly lower level of need in this assessment, albeit this is not considered to be substantially different when it is noted that the net need is calculated by subtracting one relatively large number (supply) from another (gross need).
- 5.22 For the individual local authorities, the analysis in this report shows a slightly higher level of need in Chorley, but lower in the other two authorities. Regardless, both studies clearly demonstrate a substantial need for additional affordable housing and the Councils should seek to maximise delivery where opportunities arise.

Table 5.7 Comparison of Affordable Housing Need Assessments

	This study	2017 SHMA
Current need	141	119
Newly forming households	1,121	1,232
Existing households falling into need	602	893
Total Gross Need	1,864	2,243
Re-let Supply	1,273	1,623
Net Need	590	620

Source: 2017 SHMA data from Table 59

What Types of Affordable (Rented) Housing?

- 5.23 The analysis above has studied the overall need for rented affordable housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need

for some form of rented housing at a cost below typical market rates. Typically, there are two types of rented affordable accommodation (social and affordable rented) with the analysis below considering what a reasonable split might be between these two tenures.

- 5.24 Initially, in terms of social and affordable rents, an analysis has been undertaken to compare the income distribution of households with the cost of different products. For affordable rented housing it has been assumed that this would be available at a cost which is 80% of the established lower quartile costs set out earlier in this section. Any household able to afford a rent between 80% of the market and the market is assumed able to afford an affordable rent, with other households only able to afford a social rent.
- 5.25 The analysis identifies that between 29% and 33% of the group of households unable to afford market housing to rent fall in the gap between the market and 80% of the market depending on location. It is therefore suggested that a target of 30% of all rented affordable housing is affordable rents would be reasonable and therefore it appropriate that 70% of rented affordable housing is social rents.
- 5.26 The Table also shows the rent levels assumed (for a 2-bedroom home); it is quite possible that, for example, 80% of market rent would be higher than the figures modelled below and if that were the case then a lower proportion of households would be able to afford. The actual price of any affordable rented housing offered should be considered when deciding if it is genuinely affordable, and how much of any particular product is needed.

Table 5.8 Estimated Need for Affordable Rented Housing at Different Levels of Discount⁹

	% Need for Affordable Rented	Assumed Maximum Rent (2-bed)
Chorley	33%	£380
Preston	29%	£380
South Ribble	31%	£400

Source: Affordability analysis

Need for Affordable Home Ownership Housing

- 5.27 Using the previously established method to look at affordable need, it was estimated that there is a substantial need for additional affordable housing – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.

⁹ Figures as % of those unable to afford to rent privately

5.28 The revised NPPF broadens the definition of affordable housing to include households which might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so. There are various 'affordable home ownership' products which are can meet the housing needs of this group.

5.29 This section considers the level of need for these types of dwellings in Central Lancashire. The NPPF states "*Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.*" (NPPF, para 64).

Establishing a Need for Affordable Home Ownership

5.30 The PPG confirms a widening definition of those to be considered as in affordable need; now including '*households that cannot afford their own homes, either to rent, or to own, where that is their aspiration*'. However, at the time of writing, there is no guidance about how the number of such households should be measured.

5.31 The methodology used in this report therefore draws on the current method as set out in PPG, and includes an assessment of current needs, projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used – i.e. those households who can afford to rent a home without financial support but require support to access home ownership. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

5.32 The first part of the analysis seeks to understand what the gap between renting and buying actually means in Central Lancashire – in particular establishing the typical incomes in this bracket.

5.33 Using the income distributions developed for use in the previous analysis of affordable housing need, it has been estimated that of all households living in the private rented sector, around 9% of those living in Chorley fall into the "rent/buy gap" along with 11% of households in South Ribble; for Preston only 2% of households are estimated to fall into this gap. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey). These are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

5.34 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above.

The starting point is the number of households living in private rented accommodation (as of the 2011 Census). Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen by about 26% and so this proportion is added to the initial estimate of the size of the sector to provide an estimate of the current size of the PRS.

- 5.35 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point and of these some 25% would expect this to happen in the next 2-years. This 25% figure is taken to provide an estimate of the current number of households living in the PRS who are seeking to become a homeowner in the short-term. The analysis then also considers newly forming households and also the remaining existing households who expect to become owners further into the future (i.e. those moving beyond the initial 2-year period).
- 5.36 Bringing the various strands of analysis together suggests that there is a gross need for around 21 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2018-36 period. Around 90 of these are in Chorley and 115 in South Ribble, with a much lower figure in Preston – this reflects the relatively small gap in the income level required to buy or rent a home in the area.

Table 5.9 Estimated Gross Need for Affordable Home (per annum) – 2018-36

	Chorley	Preston	South Ribble	Central Lancashire
Current need	4	2	5	11
Newly forming households	75	19	94	187
Existing households falling into need	13	5	15	33
Total Gross Need	92	25	115	232

Source: Census (2011)/Projection Modelling and affordability analysis

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 5.37 At the current time the PPG does not include specific guidance about how the supply of housing to meet these needs should be calculated. Our estimates of need are based on households able to afford something between the lower quartile cost of renting and the lower quartile cost to buy.
- 5.38 Analysis of Land Registry data has therefore been undertaken to assess the number of homes sold at below lower quartile prices. However, it is the case that market housing is not allocated in the same way as social/affordable rented homes (i.e. anyone is able to buy a home as long as they can afford it and it is possible that a number of lower quartile homes would be sold to households able to afford more, or potentially to investment buyers).
- 5.39 Furthermore, some homes sold at below a lower quartile house price are in poor condition and in need of investment/ repair and may not therefore be suitable for lower income households. In addition, there will be some 'resales' of existing shared ownership and shared equity housing within

the three authorities. Drawing on data from the CoRe system, we note that between 2015/16 – 2017/18, there were 39 resales in Chorley (13 p.a.); 14 resales in Preston (5 p.a.) and 29 resales in South Ribble (10 p.a.). This will ultimately contribute to churn which helps to meet need.

- 5.40 A broad further assumption has been used for modelling purposes that around half of sales of homes below the lower quartile homes would be available to meet the needs of households with an income in the gap between buying and renting.
- 5.41 The table below brings together the analysis of need and supply. Once consideration is given to the role which cheaper open market housing has, the analysis does not suggest a net need to bring forward affordable home ownership housing in overall terms. Essentially households with an income whereby they can afford to rent privately without financial support but can't afford to buy at lower quartile prices will, in many cases, be able to buy a cheaper home such as existing terraced properties within the sub-region; and the cost of these will be cheaper in many instances than affordable home ownership products such as discounted market sales housing or starter homes.

Table 5.10 Estimated Need for Affordable Home Ownership – per annum

	Chorley	Preston	South Ribble	Central Lancashire
Current need	4	2	5	11
Newly forming households	75	19	94	187
Existing households falling into need	13	5	15	33
Total Gross Need	92	25	115	232
Supply (50% of LQ sales)	271	285	243	799
Net need	-179	-260	-128	-567

Source: Derived from Census (2011)/Projection Modelling/Land Registry and affordability analysis

Implications of the Analysis

- 5.42 It is clear from the wider analysis of market dynamics that there has been a significant growth of households living in the Private Rented Sector over recent years, with Census data showing that the number of households living in the sector increasing by 132% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 7%. Access to owner occupation is being restricted by the cost of housing to buy, access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary).
- 5.43 The analysis above shows a need from households who require support to access home ownership but that the market is already supplying a reasonable number of homes that are affordable in the gap between renting and buying. The needs of these households can be met through a variety of means, including:

-
- The various low-cost home ownership products identified in the NPPF Glossary, including discounted market sale and starter homes; shared ownership and shared equity housing;
 - Other Government initiatives which seek to broaden access to home ownership, including the Help-to-Buy scheme in which the Government lends up to 20% of the cost of a new-build home and purchasers only require a 5% deposit.
- 5.44 In bringing together evidence in the review of their local plans, the commissioning authorities need to consider the evidence of need, the relative acuteness of the need, and issues of residential development viability. The NPPF advises that at least 10% of all new housing on larger sites should be for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.
- 5.45 Given the analysis above, it would be reasonable to conclude, on the basis of the evidence, that in general terms there is no substantive need to provide housing under the new definition of 'affordable home ownership.' Overall whilst there are clearly some households in the gap between renting and buying, they in many cases will be able to afford homes below lower quartile housing costs. This said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (in terms of the ability to afford both a deposit and stamp duty) and low cost home ownership homes - and shared ownership homes in particular - will therefore continue to play a role in supporting some households in this respect.
- 5.46 The evidence points to a clear and acute need for rented affordable housing from lower income households, and it is important that a supply of rented affordable housing – around 70% of which should reasonably be social rent - is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments). Notably, social rents also enable access to employment for lower income families.
- 5.47 It should also be noted that the finding of a 'need' for affordable home ownership does not have any direct impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required. Icení would also note that it is not appropriate to subtract the need for affordable home ownership housing from the rented housing: they are distinct and separate forms of need.

How Much Should Affordable Home Ownership Homes Cost?

- 5.48 The analysis and discussion above suggest that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need (indeed there may well be a surplus). Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution or indeed justified by the housing needs evidence.
- 5.49 Where affordable home ownerships are provided, then it is suggested that shared ownership is the most appropriate form of affordable home ownership due to lower likely deposit requirements, consideration of other packages such as providing support for deposits are also encouraged. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Councils to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.
- 5.50 On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.
- 5.51 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are set out as a range with the bottom end being based on equalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. The upper level is set based on the estimated lower quartile price to buy a home (although it should be noted that in some instances the upper level is informed by private sector rents). Setting higher prices would mean that such housing would not be available to households for whom the Government is seeking to provide an 'affordable' option.

Table 5.11 Affordable home ownership prices – data for year to March 2019

	Chorley	Preston	South Ribble
1-bedroom	£63,000-£78,000	£56,000-£81,000	£67,000-£77,000
2-bedroom	£95,000	£78,000-£99,000	£95,000-£98,000
3-bedroom	£110,000-£135,000	£107,000-£108,000	£114,000-£138,000
4-bedroom	£160,000-£225,000	£136,000-£220,000	£147,000-£228,000

Source: derived from VOA data

- 5.52 If the Councils do seek for some additional housing to be in the affordable home ownership sector, the Councils should liaise with the Help-to-Buy agent.

Affordable Housing: Summary and Conclusions

Our approach has been to consider the existing needs evidence, and to take account of the expanded definition of affordable housing which brings in households who might be able to afford to rent privately but aspire to own a home and require support to do so. The analysis brings together evidence of need. But in doing so it is important to recognise that there is some overlap between the 'target market' for affordable home ownership products and support provided by Help-to-Buy in helping households to access market housing.

Iceni conclude that there is a substantial need for additional affordable housing across all authority areas of Central Lancashire for those who cannot afford to rent; with a total need for 590 dwellings. All areas see a similar level of need, ranging from 132 in Chorley to 250 in Preston.

The analysis shows there is not a substantive need for affordable home ownership homes across all authority areas in Central Lancashire. On the basis of the evidence, the level of housing need does not justify 10% of housing to be delivered as affordable home ownership homes; and what provision is made for supporting home ownership should focus on shared ownership homes.

Given the clear and acute need for affordable rented housing, the Councils should look to seek as much rented affordable products as possible. The analysis identifies that between 29% and 33% of the group of households unable to afford market housing to rent fall in the gap between the market and 80% of the market depending on location. It is therefore suggested that a target of 30% of all rented affordable housing is affordable rents would be reasonable and therefore it appropriate that 70% of rented affordable housing is social rents.

In respect of affordable home ownership homes, these should take account of the price brackets shown for each of the authority areas in Table 5.12.



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6. DEVELOPMENT DENSITIES

- 6.1 This section reviews the densities within the housing market area and considers an appropriate framework for increasing densities in each local authority in line with the Framework's drive to make the most efficient use of land.

Achieving Appropriate Development Densities

- 6.2 The Framework (paragraph 122) sets out that authorities should develop policies and support development that makes efficient use of land in order to achieve appropriate densities. As part of this, the need for different types of housing, local market conditions, the availability of infrastructure and services and the character and setting of an area should all be considered.
- 6.3 In the context of Green Belt authorities, making efficient use of land through maximising development densities is particularly important to ensure that sites in suitable locations, for example in towns and cities with good public transport links, are maximised before considering more constrained areas. It may be appropriate to consider a range of densities across an area which best reflect varying levels of accessibility and development potential before considering amendments to policy and environmental constraints.
- 6.4 On non-committed sites i.e. housing land supply which has not yet been permitted and can therefore be adjusted, the local authorities in Central Lancashire have applied a blanket 'density multiplier' assumption of 35 dwellings per hectare to generate an initial potential capacity figure on all sites submitted through the Call for Sites and SHELAA processes. However, the SHELAA does recognise that this will evolve over time as the Local Plan progresses (SHELAA paragraph 2.9.11).
- 6.5 It is important to recognise that increasing densities not only makes more efficient use of land, but it can help deliver high quality sustainable development and good quality places. If planned properly, higher density development can help create successful places with a range of house types, attract new employers to the area and reduce the amount of congestion and vehicle emissions as public transport provision is supported to a greater extent.
- 6.6 Invariably across the plan area and across the locality of each authority area, development proposals will be brought forward which seek to deliver housing at different densities taking account location-specific factors. It will be appropriate to build at densities which are appropriate to the local context which take account of the location of a site and the character of the surrounding area.
- 6.7 However, in the context of considering the distribution of housing need in the plan area and in the context of potential Green Belt release to otherwise accommodate this need; it is critical to consider

the contribution which building at higher densities could have on the HMA's existing housing land supply baseline. Development density assumptions need to be realistic, taking account of the nature of the local market.

Quantitative Analysis

- 6.8 Although research is limited at the national level, there are a small number of helpful studies which have considered the implications of housing type and size and densities. Research for the National Housing and Planning Advice Unit (NHPAU)¹⁰ sets out that net densities of new development in the North West region increased from 26 dwellings per hectare in 1996, to 42 dph in 2004 and 50 dph at the top of the market in 2006. The market has evidently shifted since, with less strength in the market for flatted development and a return to delivery of more traditional housing schemes.
- 6.9 The Ministry for Housing, Communities and Local Government no longer publish land use statistics at a local authority level. However, land use data is still available at local authority level for average densities built of the period from 1996 to 2011; and it therefore provides us with a helpful guide of densities achieved during the pre-economic downturn peak as well as during the economic downturn. This data is set out in the Figure below.

Table 6.1 Average Densities of Development Built in the HMA

	1996-1999	2000-2003	2004-2007	2008-2011
Chorley	19	22	40	31
Preston	26	30	56	48
South Ribble	27	22	31	27
England	25	28	41	42

MHCLG Land Use Statistics (1996 – 2011)

- 6.10 As the Table shows, average densities were highest in Preston during the pre-recession peak at 56 dwellings per hectare; before falling slightly to 48 dwellings per hectare. The average densities in Preston City have continuously been above the national average. Conversely, densities in Chorley were notably below the national average in each period, reaching 40 dwellings per hectare at the pre-recession peak. The same can be said for South Ribble; which only achieved an average density of 27 dwellings per hectare between 2008-2011.
- 6.11 Drilling into this, it can be said that Preston, as a City, has the largest existing population, workforce, services and infrastructure to support additional housing, and has historically applied higher

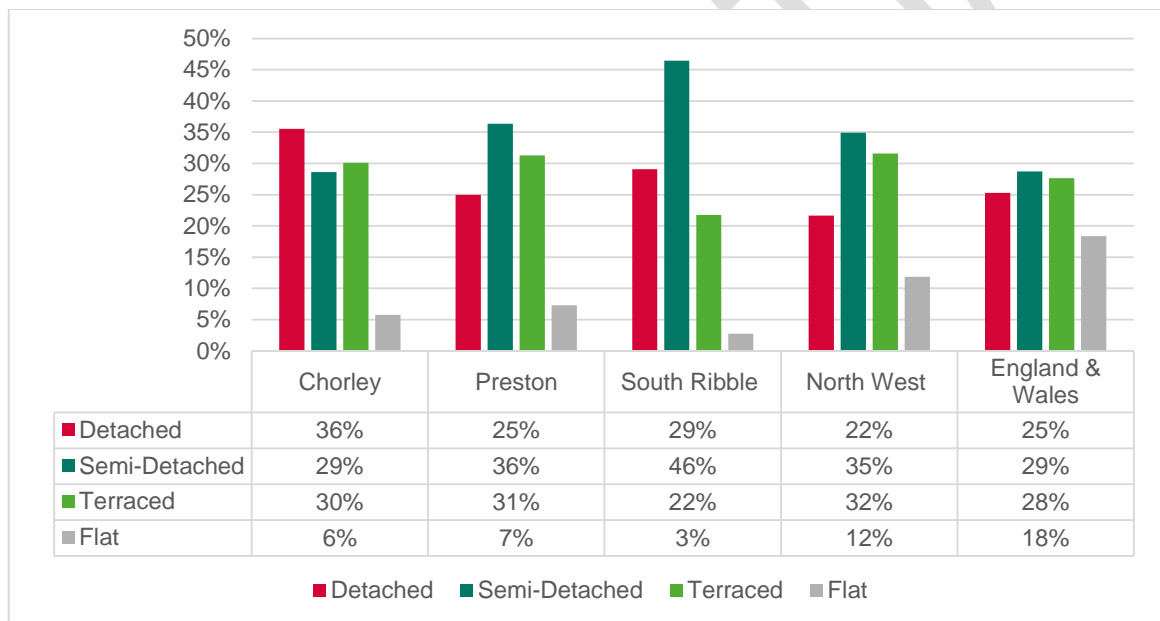
¹⁰ The Implications of Housing Type/Size Mix and Density for the Affordability and Viability of New Housing Supply, NHPAU (February 2010)

development densities than Chorley or South Ribble in order to make the most efficient use of land in this urban location. Chorley and South Ribble have applied lower development densities to best respond to the constraints and characteristics of these areas.

6.12 However, looking ahead, It should be borne in mind that as the strategic development sites around Preston begin to deliver; it is likely that we will begin to see the overall average density of development achieved in Preston fall – with the delivery of more housing as opposed to flatted and terraced development, which can generate higher densities.

6.13 Building on this, it is also important to consider the nature of the market across the three authorities; which can play an influence in achieving realistic densities. The Figure below sets out our analysis of the proportion of sales of different properties across the HMA in the last year.

Figure 6.1 Property Transactions by Type in Central Lancashire (2018)



Source: Land Registry Data

6.14 As the Table shows, there is certainly variations in relative demand for different products – although, it is acknowledged that this is partly influenced by stock mix. The analysis suggests a greater market for larger house types (i.e. non-terraced housing) in Chorley and South Ribble; with sales for these house types accounting for 65% and 75% respectively in 2018. This is set against a marginally higher level of demand for flatted and terraced housing in Preston.

6.15 Overall across Central Lancashire, the relatively modest flatted market – when compared with the regional and national picture – can be expected to have a downward influence on average densities in the area.

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- 6.16 On the basis of the evidence above, it is clear that a more nuanced approach to testing densities is required which is reflective of what has been achieved historically and what the market can achieve; acknowledging that the approach to densities will differ for suburban areas up to centres. This will have to be taken forward alongside other considerations such as design, setting context through the SHELAA process.
- 6.17 Ultimately this will ensure that the overall local housing need across the plan area can be addressed in line with the Framework's approach to exhausting brownfield land opportunities and making the most efficient use of land by maximising densities.

Qualitative Analysis

- 6.18 It is important to acknowledge that higher densities should not be conflated with tall buildings, a larger proportion of flatted development or smaller units. In considering higher densities in this report, we are principally concerned with developing compact neighbourhoods, which support a mix of uses; a range of house types, with viable public transport and local services.
- 6.19 It is widely accepted that 30 dph is not considered to be "high density", particularly when reviewing technical studies, examples of which define suburban densities, for example as (a) low - 35 dph, (b) intermediate - 50 dph and (c) high - 120 dph. The 2010 NHPAU Study (Table 2) found that newbuild development in the mid-north of England achieved average densities of 38.7 dph. in 2005. This data is now clearly out of date; but it does provide a helpful guide as to what has been achieved.
- 6.20 Academics have also contributed to the debate through literature reviews and studies, with Christine Whitehead from the London School of Economics¹¹ noting the influence density requirements have on typologies:

"The requirements also have direct impact on the types of dwelling that can be provided – as above around 60 dph the development must be mainly or entirely in the form of flats. As the requirement increases the more the need for high rise developments to meet the density requirement while at the same time meeting any outside space requirements. Moreover, the suggested average sizes imply a preponderance of one or two bedroom units".

- 6.21 Our analysis clearly indicates a greater focus of demand for housing rather than flatted development in Central Lancashire and it is clear that across the HMA as a whole, the focus of the market is for family homes. This is a consideration in establishing broad development density targets below.

¹¹ "The Density Debate: A Personal Review" (Christine Whitehead, LSE)

Recommended Approach to Densities

- 6.22 On the basis that the current Central Lancashire SHELAA has been prepared using a blanket approach to densities at 35 dwellings per hectare and in light of the Framework's sequential approach to considering Green Belt land, it is considered necessary to set out a broad typology-based framework for development densities which can inform policies and ensure that urban capacity is maximised first.
- 6.23 Analysis of the profile of property transactions in the three authority areas shows that there is a greater focus towards typically larger detached homes with a relatively modest flatted market. A larger level of flatted development can be expected in Central Preston. However, densities of up to 50 dph can be achievable with schemes which predominantly include housing as opposed to flats.
- 6.24 The analysis of the need for different types of homes, as set out in Section 8, shows that it might be reasonable to see broadly a 70/30 split between development of houses as opposed to flats across Central Lancashire. It shows a slightly higher relative need for larger market homes (3+ bedrooms) in Preston relative to the other two authorities. Set against this, this is likely to be a slightly stronger market for flatted development in Central Preston than other locations within the HMA.
- 6.25 Bringing this analysis together, the Table below sets out broad density targets below for each authority using four broad types of location including rural locations (including villages), suburban locations, urban areas (i.e. urban fringe locations) and town centres. These should inform future iterations of the SHELAA where each of the location categories will be defined in detail.

Table 6.2 Recommended Broad Density Targets in Central Lancashire

	Rural / Village Locations	Suburban / Urban Extension	Town Centre / Central Preston
Chorley	25-30	35	40
Preston	25-30	35	50
South Ribble	25-30	35	40

- 6.26 This study does not seek to apply and quantify the impact of these density targets; nor does it assume that the density targets will result in a significant uplift to housing capacity; however, in the context of potential Green Belt release, it is considered that a more nuanced approach to densities is required and therefore due regard should be given to the broad density targets set out in Table 6.2; particularly in respect of the ongoing SHELAA process on sites without planning permission. The Councils should consult on the appropriateness of these density assumptions as the plan is developed.
- 6.27 As per the Framework (paragraph 120), planning policies and decisions need to reflect changes in the demand for land. They should be informed by regular reviews of both the land allocated for development in plans, and of land availability and as a result, the broad recommendations set out in

the Table above should be informed by local market conditions, viability as well as other factors including the prevailing character and appearance in an area which will vary on a site-by-site basis.

Achieving Appropriate Densities Summary and Conclusions

The Framework (paragraph 122) sets out that authorities should develop policies and support development that makes efficient use of land in order to achieve appropriate densities. As part of this, the need for different types of housing, local market conditions, the availability of infrastructure and services and the character and setting of an area should all be considered.

Historically, densities in Central Lancashire have not typically exceeded the national average; with densities reaching a height in Preston during the pre-recession peak of 56 dwellings per hectare. Analysis of recent transactions points towards a greater market for larger house types and family housing in each of the three authority areas alongside a relatively modest flatted market; with the needs evidence in this report pointing to c. 30% of the total need being capable of being met by development of flats and 70% houses.

Bringing this analysis together, Table 6.2 sets out broad density targets below for each authority using three broad locational typologies. This should inform future revisions to the SHELAA and policies within the Plan.

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7. NEEDS OF OLDER PERSONS & THOSE WITH DIABILITIES

7.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to accessibility and wheelchair standards M4(2) 'accessible and adaptable dwellings' and M4(3) 'wheelchair user dwellings'.

Understanding Demographic Changes

Current Population of Older People

7.2 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published 2018 ONS mid-year population estimates. Central Lancashire has a similar proportion of older people as the North West and England with 18% of the population in 2018 being aged 65 and over.

Table 7.1 Older Persons Population (2018)

	Chorley	Preston	South Ribble	Central Lancs	Lancashire	North West	England
Under 65	80.3%	85.3%	78.9%	81.8%	79.5%	81.4%	81.8%
65-74	11.5%	8.0%	11.8%	10.2%	11.4%	10.2%	9.9%
75-84	6.1%	4.8%	6.8%	5.8%	6.6%	6.0%	5.8%
85+	2.1%	1.9%	2.5%	2.1%	2.6%	2.3%	2.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	19.7%	14.7%	21.1%	18.2%	20.5%	18.6%	18.2%

Source: ONS 2018 Mid-Year Population Estimates

Future Change in the Population of Older People

7.1 As well as providing a baseline position for the proportion of older persons across the three authorities, population projections can be used to provide an indication of how the numbers might change in the future. The data presented below uses information from the projections previously developed to link to the standard method.

7.2 Taking into consideration these projections, Central Lancashire is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by 39% over the 20-years to 2036. This compares with overall population growth of 6.5% and a decrease in the Under 65 population of -0.8%.

- 7.3 In total population terms, the projections show an increase in the population aged 65 and over of 26,500 people. This is against a backdrop of an overall increase of 24,045. The population growth of people aged 65 and over therefore accounts for all of the total projected population change.

Table 7.2 Projected Change in Population of Older Persons (2018 to 2036) – Central Lancashire (based on delivery of 1,026 dwellings per annum)

	2016	2036	Change in population	% change
Under 65	301,958	299,501	-2,457	-0.8%
65-74	37,789	46,552	8,763	23.2%
75-84	21,546	31,230	9,684	44.9%
85+	7,873	15,929	8,056	102.3%
Total	369,166	393,211	24,045	6.5%
Total 65+	67,208	93,711	26,503	39.4%

Source: Demographic Projections

- 7.4 The Tables below provide a breakdown for each of the three authorities.

Table 7.3 Projected Change in Population of Older Persons (2018 to 2036) - Chorley (based on delivery of 282 dwellings per annum)

	2016	2036	Change in population	% change
Under 65	93,806	87,765	-6,041	-6.4%
65-74	13,418	16,405	2,987	22.3%
75-84	7,177	11,019	3,842	53.5%
85+	2,420	5,684	3,264	134.9%
Total	116,821	120,873	4,052	3.5%
Total 65+	23,015	33,108	10,093	43.9%

Source: Demographic Projections

Table 7.4 Projected Change in Population of Older Persons (2018 to 2036) - Preston (based on delivery of 410 dwellings per annum)

	2016	2036	Change in population	% change
Under 65	120,983	124,687	3,704	3.1%
65-74	11,300	14,287	2,987	26.4%
75-84	6,873	9,371	2,498	36.3%
85+	2,662	4,353	1,691	63.5%
Total	141,818	152,698	10,880	7.7%
Total 65+	20,835	28,011	7,176	34.4%

Source: Demographic Projections

Table 7.5 Projected Change in Population of Older Persons (2018 to 2036) - South Ribble (based on delivery of 334 dwellings per annum)

	2016	2036	Change in population	% change
Under 65	87,169	87,048	-121	-0.1%
65-74	13,071	15,860	2,789	21.3%
75-84	7,496	10,840	3,344	44.6%
85+	2,791	5,891	3,100	111.1%
Total	110,527	119,640	9,113	8.2%
Total 65+	23,358	32,592	9,234	39.5%

Source: Demographic Projections

Health-Related Population Projections

7.5 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) and Projecting Adult Needs and Service Information System (PANSI) has been used. These sources provide prevalence rates for a range of different disabilities by age and sex.

7.6 The Table below show that many of the illnesses/disabilities are expected to increase significantly in the future as the population grows and ages. In particular, there is projected to be a 62% rise in the number of people with dementia aged 65 and over along with an increase in the number with mobility problems of 53% in the same age band.

Table 7.6 Projected Change in Population with a Range of Disabilities (2018 to 2036) – Central Lancashire (based on delivery of 1,026 dwellings per annum)

	Age Range	2018	2036	Change	% change
Dementia	65+	4,381	7,093	2,712	61.9%
Mobility Problems	65+	11,840	18,091	6,251	52.8%
Autistic Spectrum Disorders	18-64	2,251	2,237	-15	-0.7%
	65+	635	900	265	41.7%
Learning Disabilities	15-64	5,764	5,757	-7	-0.1%
	65+	1,403	1,941	537	38.3%
Challenging behaviour	15-64	106	105	0	-0.5%
Impaired mobility	16-64	12,032	11,683	-350	-2.9%

Source: POPPI/PANSI and demographic projections

7.7 The Tables below provide a breakdown for each of the three authorities.

Table 7.7 Projected Change in Population with a Range of Disabilities (2018 to 2036) – Chorley (based on delivery of 282 dwellings per annum)

	Age Range	2018	2036	Change	% change
Dementia	65+	1,431	2,507	1,076	75.2%
Mobility Problems	65+	3,934	6,393	2,459	62.5%
Autistic Spectrum Disorders	18-64	703	657	-47	-6.6%
	65+	220	319	99	45.3%
Learning Disabilities	15-64	1,789	1,684	-105	-5.9%
	65+	482	685	203	42.1%
Challenging behaviour	15-64	33	31	-2	-5.9%
Impaired mobility	16-64	3,979	3,866	-112	-2.8%

Source: POPPI/PANSI and demographic projections

Table 7.8 Projected Change in Population with a Range of Disabilities (2018 to 2036) – Preston (based on delivery of 410 dwellings per annum)

	Age Range	2018	2036	Change	% change
Dementia	65+	1,413	2,037	623	44.1%
Mobility Problems	65+	3,763	5,271	1,507	40.1%
Autistic Spectrum Disorders	18-64	911	953	42	4.6%
	65+	197	270	74	37.6%
Learning Disabilities	15-64	2,316	2,420	104	4.5%
	65+	433	581	148	34.2%
Challenging behaviour	15-64	42	44	2	3.9%
Impaired mobility	16-64	4,332	4,206	-126	-2.9%

Source: POPPI/PANSI and demographic projections

Table 7.9 Projected Change in Population with a Range of Disabilities (2018 to 2036) – South Ribble (based on delivery of 334 dwellings per annum)

	Age Range	2018	2036	Change	% change
Dementia	65+	1,537	2,550	1,013	65.9%
Mobility Problems	65+	4,143	6,428	2,285	55.2%
Autistic Spectrum Disorders	18-64	637	627	-10	-1.6%
	65+	219	310	91	41.8%
Learning Disabilities	15-64	1,659	1,653	-6	-0.4%
	65+	488	674	187	38.2%
Challenging behaviour	15-64	31	30	0	-0.6%
Impaired mobility	16-64	3,721	3,610	-111	-3.0%

Source: POPPI/PANSI and demographic projections

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- 7.8 Whilst many older persons will continue to live in mainstream housing, Iceni consider that it would be sensible to design housing so that it can be adapted to households changing needs. Subject to viability testing and site suitability (i.e. where level access is achievable), we would recommend that a third of all new housing is delivered to Part M4(2) 'accessible and adaptable' taking account of the evidence of need. This should be delivered where it feasible to do so (e.g. level access is possible).

Need for Specialist Accommodation for Older Persons

- 7.9 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below considers different types of older persons housing as set out in the Planning Practice Guidance. It should be noted that this report does not seek to address the first category (age-restricted housing without care or support) – this is because the focus of this analysis is around housing with a specific care or support need.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing [Housing with support]: This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24 hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care [Housing with care]: This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes: These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: PPG Housing for older and disabled people (paragraph 63-010)

- 7.10 The needs analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit (SHOP@ toolkit). This data is considered alongside

demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future. The toolkit sets out a series of baseline rates which form a starting point for assessing appropriate prevalence rates to apply. These baseline rates are:

- Housing with Support (retirement/sheltered housing) – 125 units per 1,000 population aged 75 and over;
- Housing with Care (extra-care housing) – 45 units per 1,000 population aged 75 and over; and
- Residential care bedspaces (residential and nursing care) – 110 units (bedspaces) per 1,000 population aged 75 and over.

- 7.11 Following the Housing LIN methodology, an initial adjustment has then been made to these rates to reflect the relative health of the local older person population. This has been based on Census data about the proportion of people aged 65 and over who have a long-term health problem or disability compared with the England average. In Central Lancashire, the data shows very slightly higher levels of disability in the older person population and so the prevalence rates used have been increased slightly (very slight reduction for South Ribble).
- 7.12 A second local adjustment has been to estimate the tenure split for the housing with support and housing with care categories (no tenure is associated with residential care bedspaces). This again draws on suggestions in the Shop@ tool which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using the 2015 Index of Multiple Deprivation the analysis suggests a slightly higher need for market homes in South Ribble and lower in Preston (reflecting relative deprivation levels).
- 7.13 This analysis suggests a need for 174 units of accommodation per 1,000 population aged 75+, and of these 98 (57%) are for market housing.
- 7.14 The evidence herein suggests a greater need for specialist accommodation than Lancashire County Council's Housing with Care and Support Strategy which seeks to target provision of 15 units of housing with care per 1,000 population based on the current national level of provision. However there is a range of evidence that there is an under-provision and lack of choice of suitable specialist accommodation options for older people. Iceni's analysis takes this into account.
- 7.15 The analysis initially focusses on needs within self-contained units (which traditionally might be considered as a C3 use class (dwelling houses)) before separately looking at residential care bedspaces (which would arguably be in a C2 use class). This distinction is important as the dwelling-houses are included within the housing need (e.g. the figures calculated through the Standard Method) whereas bedspaces figures would be in addition to that.

7.16 The table below shows estimated needs for different types of housing linked to the agreed distribution of housing. The analysis shows a potentially high need for leasehold (market) accommodation as well as a need for affordable extra-care housing. There is an apparent surplus of retirement/sheltered housing in the affordable sector. Overall, the analysis suggests a need for 4,973 additional units by 2036 (equivalent to 276 per annum).

7.17 For residential care bedspaces, the analysis shows a small current shortfall but a notable projected future need. Overall, it is estimated that there is a need for around 2,288 additional bedspaces to 2036.

Table 7.10 Older Persons' Dwelling Requirements 2018 to 2036 – Central Lancashire (based on delivery of 1,026 dwellings per annum)

		Housing demand per 1,000 75+	Current supply	2018 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	53	2,648	1,563	-1,085	925	-160
	Leasehold	75	305	2,205	1,900	1,336	3,236
Housing with care	Rented	23	196	665	469	395	864
	Leasehold	23	78	691	613	420	1,033
Total (dwellings)		174	3,227	5,124	1,897	3,076	4,973
Care bedspaces		113	3,018	3,316	298	1,990	2,288

Source: Derived from Demographic Projections and Housing LIN/HOSPR/EAC

7.18 The Tables below provide an indicative breakdown for the three authorities.

Table 7.11 Older Persons' Dwelling Requirements 2018 to 2036 – Chorley (based on delivery of 282 dwellings per annum)

		Housing demand per 1,000 75+	Current supply	2018 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	51	630	493	-137	365	228
	Leasehold	76	0	730	730	540	1,270
Housing with care	Rented	22	48	211	163	156	319
	Leasehold	24	78	229	151	170	321
Total (dwellings)		173	756	1,663	907	1,232	2,139
Care bedspaces		112	839	1,076	237	797	1,034

Source: Derived from Demographic Projections and Housing LIN/HOSPR/EAC

Table 7.12 Older Persons' Dwelling Requirements 2018 to 2036 – Preston (based on delivery of 410 dwellings per annum)

		Housing demand per 1,000 75+	Current supply	2018 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	62	1,043	589	-454	259	-196
	Leasehold	72	190	683	493	300	793
Housing with care	Rented	26	74	246	172	108	281
	Leasehold	22	0	211	211	93	304
Total (dwellings)		181	1,307	1,729	422	760	1,182
Care bedspaces		117	1,265	1,119	-146	492	346

Source: Derived from Demographic Projections and Housing LIN/HOSPR/EAC

Table 7.13 Older Persons' Dwelling Requirements 2018 to 2036 – South Ribble (based on delivery of 334 dwellings per annum)

		Housing demand per 1,000 75+	Current supply	2018 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	47	975	481	-494	302	-192
	Leasehold	77	115	792	677	496	1,173
Housing with care	Rented	20	74	208	134	130	264
	Leasehold	24	0	250	250	157	407
Total (dwellings)		168	1,164	1,731	567	1,085	1,652
Care bedspaces		168	1,164	1,731	567	1,085	1,652

Source: Derived from Demographic Projections and Housing LIN/HOSPR/EAC

7.19 The figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). The provision of housing with care will potentially be influenced by strategy decisions regarding the balance to which households needs should be met through extra care as against residential care. Lancashire County Council seeks to deliver extra care as an alternative to residential care, and the numbers above for housing with care should therefore be considered as minimum figures. The Councils should consider reviewing this evidence if a specific application comes in for older persons housing, where this is supported by its own needs assessment.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

7.20 It is worth briefly discussing the Use Classes that Older Persons housing would fall into as there is some lack of clarity (particularly when it comes to Extra-care housing). The Use Classes Order sets out different categories of residential use and makes a distinction between residential institutions (Class C2) and dwelling-houses (Class C3). Care is defined in the Use Class Order as meaning

“personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment.” The C2/C3 distinction is important as it can impact on the ability of a local authority to seek an affordable housing contribution from a development in private-led development schemes (rather than those commissioned by a public body).

7.21 There is case law (at planning appeals and in the courts) on the definitions of both. There is clear no government guidance on which use class ‘extra care housing’ falls into. It is for the decision maker to decide, depending on the individual circumstances of each case. Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwellinghouse) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”

7.22 The relevant factors identified in the Guidance are thus the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. Iceniview this as consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristics of the development and would normally be secured as such through the S106 Agreement.

7.23 Iceniview has reviewed a range of appeal decisions which have addressed issues relating to how to define the use class of a development. These are fact-specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- a. Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package.

Whilst there has been debate about the minimum level of care to which residents must sign-up to, Iceniview’s view is that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

- b. Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

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- 7.24 Icenii however considers that the Use Class on its own need not be determinative on whether affordable housing provision could be applied. But nor does it provide any hook to justify seeking provision from a C2 use in the absence of a development plan policy which seeks to do so.
- 7.25 The 2019 NPPF sets out in Para 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Para 62 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 7.26 Para 63 states that affordable housing should not be sought from residential developments that are not major developments. Para 64 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions more widely.
- 7.27 The implication is that, in Icenii's view:
- The ability to seek affordable housing contributions from a C2 use at the current time influenced by how its current development plan policies were constructed and evidenced;
 - If policies in a new development plan are appropriately crafted, and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.
- 7.28 It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, not least as there are typically significant levels of communal space and on-site facilities; higher construction and fit-out costs; and slower sales rates as there are less off-plan sales. There are also practical issues associated with how mixed tenure schemes may operate. The Councils needs to consider these issues in crafting policies.
- 7.29 It can be difficult in some circumstances for developers of specialist housing for older persons to compete with other developers for land.
- 7.30 To support the delivery of specialist accommodation, it may be appropriate for the Councils to consider making specific land allocations for specialist housing for older persons within new Local Plans.**
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- 7.31 Ultimately for the purposes of seeking affordable housing, we would recommend that the Councils in developing new planning policies consider the specific viability of extra care housing schemes as part of preparing viability evidence within the plan-making process.

Wheelchair User Housing

- 7.32 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) National data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) entitled *Mind the Step: An estimation of housing need among wheelchair users in England* has therefore been used. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus herein is on national data.
- 7.33 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems puts the proportion of 'visitable' properties at a slightly higher 5.3%.¹²
- 7.34 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households.¹³ Moving forward, the report estimates a wheelchair user need from around 3% of households. Applying both of these figures to the demographic projections (see table below) suggests a need for around 1,100 wheelchair user homes in Central Lancashire in the period to 2036.

Table 7.14 Estimated Need for Wheelchair User Homes (2018-2036)

	Current Need	Projected Need (2018-36)	Total
Chorley	174	148	322
Preston	206	215	421
South Ribble	167	175	342
Central Lancashire	547	538	1,085

Source: Derived from Demographic Projections and Habinteg Prevalence Rates

- 7.35 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).

¹² Data from the CLG Guide to available disability (taken from the English Housing Survey)

¹³ This is described in the Habinteg report as the number of wheelchair user households with unmet housing need

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- 7.36 This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that '*Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling*'). For market housing, policy can however require delivery of wheelchair-adaptable dwellings, this being a home that can easily be adapted to meet the needs of a household including wheelchair users.
- 7.37 Comparing the need for wheelchair dwellings shown to the Local Housing Need, the need for wheelchair user dwellings equates to about 6% of the total housing need.

Housing Needs of Older Persons and those with Disabilities: Summary and Conclusions

The analysis in this section has shown a notable growth in the population of older persons aged 65+ in Central Lancashire over the period to 2036. Within this, the number of people with a range of disabilities expected to increase by 9,393 across all three authorities. The specific projections undertaken include an expected increase of those with dementia by 2,712 and with mobility problems by 6,251 to 2036 across the plan area.

Many older households will continue to live in mainstream housing but given the substantial growth in the population of older persons and associated increases in those with a disability, it is appropriate for a third of new housing to be delivered to meet Part M4(2) accessible and adaptable home standards, subject to viability testing and site suitability. The evidence points to around 6% of homes needing to be wheelchair accessible/adaptable.

Some older households, particularly those aged over 75, will require specialist housing provision. The analysis in this section points to a need for 3,076 units of housing with support to 2036, and 1,897 units of housing with care. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site. The need for housing with care should be treated as a minimum.

The analysis also identifies a need for 573 care home bedspaces in Central Lancashire to 2036. These will fall within a C2 use class.

8. NEED FOR DIFFERENT SIZES OF HOMES

8.1 This section considers the appropriate mix of market housing across the three Central Lancashire authorities; building on the analysis set out in the Central Lancashire SHMA. It seeks to update the analysis set out in the 2017 SHMA with regard to the local housing need established in this report.

Existing Housing Profile

8.2 In order to assess the needs for the different sizes of homes, we have developed a model which:

- Starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy;
- Considers which age groups are expected to change in number, and by how much using the demographic projections. On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to work out what profile of housing is needed over the assessment period to 2036.

8.3 An important starting point is to understand the current balance of housing in each area. The table below profiles the sizes of homes in different tenure groups. This shows that the profile of housing in Central Lancashire looks to be fairly balanced in comparison with other areas (i.e. there is not obvious over or under supply of particular sizes of homes relative to other locations) although there are some differences across locations (the profile of the private rented sector in Preston being the most notable). Observations about current mix feed into conclusions about future mix later in this section.

Table 8.1 Number of Bedrooms by Tenure, 2011

		Chorley	Preston	South Ribble	Central Lancs	Lancashire	North West	England
Owner-Occupied	1 Bed	2%	3%	2%	2%	2%	2%	4%
	2 Bed	23%	23%	22%	22%	27%	24%	23%
	3 Bed	49%	53%	53%	51%	47%	52%	48%
	4+ Bed	26%	22%	24%	24%	23%	22%	25%
	Total	100%	100%	100%	100%	100%	100%	100%
Social Rented	1 Bed	32%	36%	33%	34%	37%	29%	31%
	2 Bed	33%	29%	31%	31%	31%	32%	34%
	3 Bed	31%	32%	33%	32%	29%	34%	31%
	4+ Bed	3%	4%	3%	3%	4%	4%	4%
	Total	100%	100%	100%	100%	100%	100%	100%
	1 Bed	15%	21%	10%	17%	16%	18%	23%

Private Rented	2 Bed	41%	37%	41%	39%	44%	43%	39%
	3 Bed	35%	29%	39%	33%	30%	30%	28%
	4+ Bed	9%	13%	9%	11%	10%	9%	10%
	Total	100%	100%	100%	100%	100%	100%	100%

Source: Census 2011

Projected Change in Household Structure

- 8.4 The analysis in the Table below shows how the profile of different types of household are expected to change over the period from 2018 to 2036 (linked to the redistributed standard method figures). The strongest growth in Central Lancashire is expected in coupled households aged over 65.

Table 8.2 Change in Household Types in Central Lancashire, 2018-36

	2018	2036	Change	% Change
One-person household (aged 65 and over)	19,571	24,195	4,623	23.6%
One-person household (aged under 65)	28,333	32,016	3,683	13.0%
Couple (aged 65 and over)	19,193	28,380	9,187	47.9%
Couple (aged under 65)	21,662	17,189	-4,474	-20.7%
A couple and one or more other adults: No dependent children	12,049	12,107	59	0.5%
Households with one dependent child	22,286	25,369	3,083	13.8%
Households with two dependent children	16,639	16,844	205	1.2%
Households with three dependent children	6,596	6,360	-236	-3.6%
Other households ¹⁴	9,959	11,759	1,800	18.1%
TOTAL	156,288	174,219	17,930	11.5%
Total households with dependent children	45,520	48,573	3,052	6.7%

Source: Demographic Projections

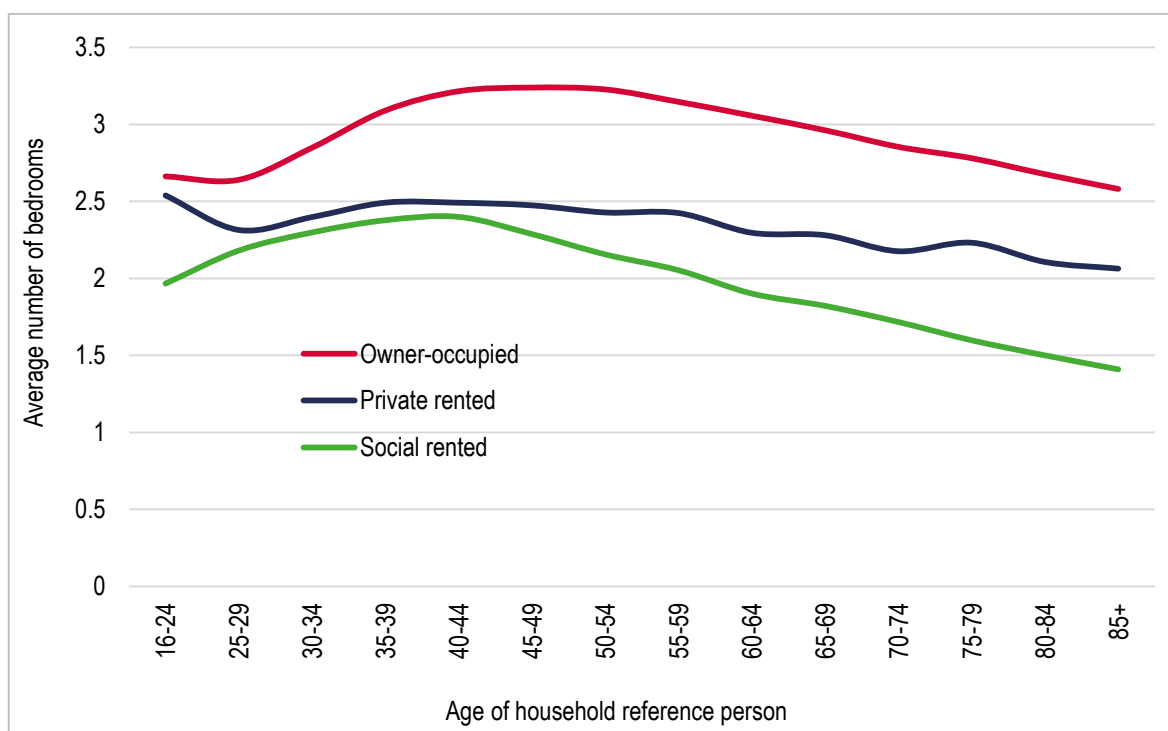
- 8.5 There is also growth expected in both family households (6.7%) and other households (18.1%) as well as single person households aged under 65. A detailed breakdown for each authority is provided at Appendix A1.

¹⁴ Multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults.

Overview of the Methodology

- 8.6 The method to consider future housing mix looks at the ages of the Household Reference Persons (HRP – often more normally called the head of household) and how these are projected to change over time.
- 8.7 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 8.8 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 8.9 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').
- 8.10 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 8.11 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Central Lancashire. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes) is seen in the social sector and to a lesser extent private rented housing. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.

Figure 8.1 Average Bedrooms by Age and Tenure – Central Lancashire



8.12 In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Modelled Outputs

8.13 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing in each of the three broad tenures.

Table 8.3 Modelled Mix of Housing by Size and Tenure in Central Lancashire, 2018-36

	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Market Housing	3%	36%	52%	9%
Affordable Home Ownership	22%	40%	28%	10%
Rented Affordable	45%	27%	25%	3%

Source: Housing Market Model

8.14 The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

8.15 Similar patterns can be seen in each of the individual local authority areas although it is notable that the profile of dwellings required is generally slightly larger in Preston and generally smaller in Chorley. This to some extent reflects the agreed distribution of housing whereby Chorley sees greater proportionate growth in older person households and lower increases in families – this pushes the need towards smaller dwellings.

Table 8.4 Modelled Mix of Housing by Size and Tenure in Chorley

	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Market Housing	2%	41%	53%	3%
Affordable Home Ownership	30%	39%	26%	5%
Rented Affordable	53%	26%	19%	3%

Table 8.5 Modelled Mix of Housing by Size and Tenure in Preston

	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Market Housing	3%	29%	53%	15%
Affordable Home Ownership	23%	37%	22%	18%
Rented Affordable	42%	27%	28%	3%

Table 8.6 Modelled Mix of Housing by Size and Tenure in South Ribble

	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Market Housing	4%	41%	51%	4%
Affordable Home Ownership	13%	44%	36%	6%
Rented Affordable	45%	28%	26%	2%

8.16 For comparison, the table below shows the need for different sizes of affordable rented accommodation households shown on the Housing Register. This represents a need for affordable (rented) housing.

Table 8.7 Profile of Rented Affordable Need by Households on the Housing Register

	Chorley	Preston	South Ribble	Central Lancs
1 Bedroom	56%	48%	53%	51%
2 Bedrooms	28%	31%	30%	30%
3 Bedrooms	12%	16%	15%	15%
4+ Bedrooms	3%	5%	2%	4%
Total	100%	100%	100%	100%

Indicative Targets for Different Sizes of Properties by Tenure

Rented Affordable Housing

- 8.17 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision.
- 8.18 Considerations include the relative lack of past delivery of larger affordable homes. Larger affordable housing units also have a relatively low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited.
- 8.19 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 1-bedroom homes is slightly reduced from the local-based outputs, along with a commensurate increase in 4+-bedroom homes. At an HMA-wide level, the analysis would support policies for the mix of **rented affordable housing**¹⁵ of:
- 1-bed properties: 40%
 - 2-bed properties: 30%
 - 3-bed properties: 20%
 - 4+-bed properties: 10%
- 8.20 These conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

¹⁵ By affordable rented housing in this context, we mean social rented; affordable rented; and affordable private rented homes.

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- 8.21 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should **be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.**

Affordable Home Ownership

- 8.22 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of **affordable home ownership** is suggested:

- 1-bed properties: 20%
- 2-bed properties: 45%
- 3-bed properties: 25%
- 4+-bed properties: 10%

Market Housing

- 8.23 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. This sees a slightly larger recommended profile compared with other tenure groups. The following mix of **market housing** is suggested:

- 1-bed properties: 5%
- 2-bed properties: 35%
- 3-bed properties: 45%
- 4+-bed properties: 15%

- 8.24 The analysis of market housing need has quantified this on the basis of the market modelling and an understanding of the current housing market. It applying this to individual development sites, consideration could also reasonably be given to the nature of and gaps in the current housing offer at the local level, the pipeline of housing of different sizes and the character of the area and nature of the site.

- 8.25 The Councils should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

- 8.26 The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and Icen consider that it would be reasonable to expect justification for a housing mix on such sites which significantly differs from that modelled herein.

The Need for Different Sizes and Types of Homes: Summary and Conclusions

Understanding the existing housing mix in a place is important in considering what future mix of housing is appropriate to deliver a mixed and balanced community. This is important at both a strategic, and at a local, level

The analysis shows a fairly balanced profile of housing in Central Lancashire compared with other areas. Although there are some differences across locations (the profile of the private rented sector in Preston being the most notable)

Taking into account the current housing stock and expected demographic trends – including the expectation that some older households will downsize if the right properties are available), the assessment points to a need for different types of homes in the market and affordable housing sectors as set out in paragraphs 7.16, 7.19 and 7.20.

These strategic conclusions should be brought together with local evidence, such as information on current stock and needs profile at a more local level, in considering the appropriate mix of housing on individual development sites.

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9. EMERGING MARKET SEGMENTS

9.1 This section considers emerging segments of the housing market including the needs of those who wish to build their own homes and those who wish to rent their homes.

Build to Rent Development

9.2 The Private Rented Sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

9.3 In the context of the sector's growth over the last 20 years and a national housing shortage, successive Governments have looked to the Private Rented Sector to play a greater role in providing more new build housing and have sought to encourage "Build-to-Rent" development.

9.4 Build-to-Rent development is defined in the NPPF Glossary as "*purpose-build housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership or management control.*" It represents development which is constructed with the intention that it will be let (rather than sold).

9.5 The benefits of Build to Rent are strong and are best summarised in the Government's *A Build to Rent Guide for Local Authorities*¹⁶ which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants choice "as generally speaking tenants only have the option to rent from a small-scale landlord".
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and

¹⁶ Accelerating housing supply and increasing tenant choice in the private rented sector: A Build to Rent Guide for Local Authorities (DCLG, March 2015)

-
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

9.6 The 2019 NPPF now recognises the emergence of the strength of the Private Rented Sector. The Framework (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework's glossary also introduces a definition for Build to Rent development (as defined above), thus recognising it as a sector.

9.7 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. BTR accounted for 8.7% of new housing starts in 2016/17 whilst latest research from Savills (2018) for the 12 month period to Q4 2018 indicates a 29% increase in BTR unit completions (over 29,400), over 43,300 units under construction (a 39% increase) and 66,700 in a substantial planning pipeline (10% increase). Taken together, this total of 139,500 units accounts for a 22% increase since Q4 2017.

9.8 In terms of age profile, research by JLL¹⁷ focused on BTR case studies identified tenants typically in the 25-35 age bracket with an average tenant age of 31 and occupiers who were above average earners, seeking apartments or flats in urban conurbations, together with 'satellite' towns near to or commutable to the centres of employment.

9.9 In Central Lancashire, there has been significant growth in the Private Rented Sector across all three authorities. The Figures below show the growth of the sector over the last three census points within Chorley, Preston and South Ribble.

¹⁷ JLL Research (2018) Build to Rent

Figure 9.1 Growth of the Private Rented Sector in Chorley

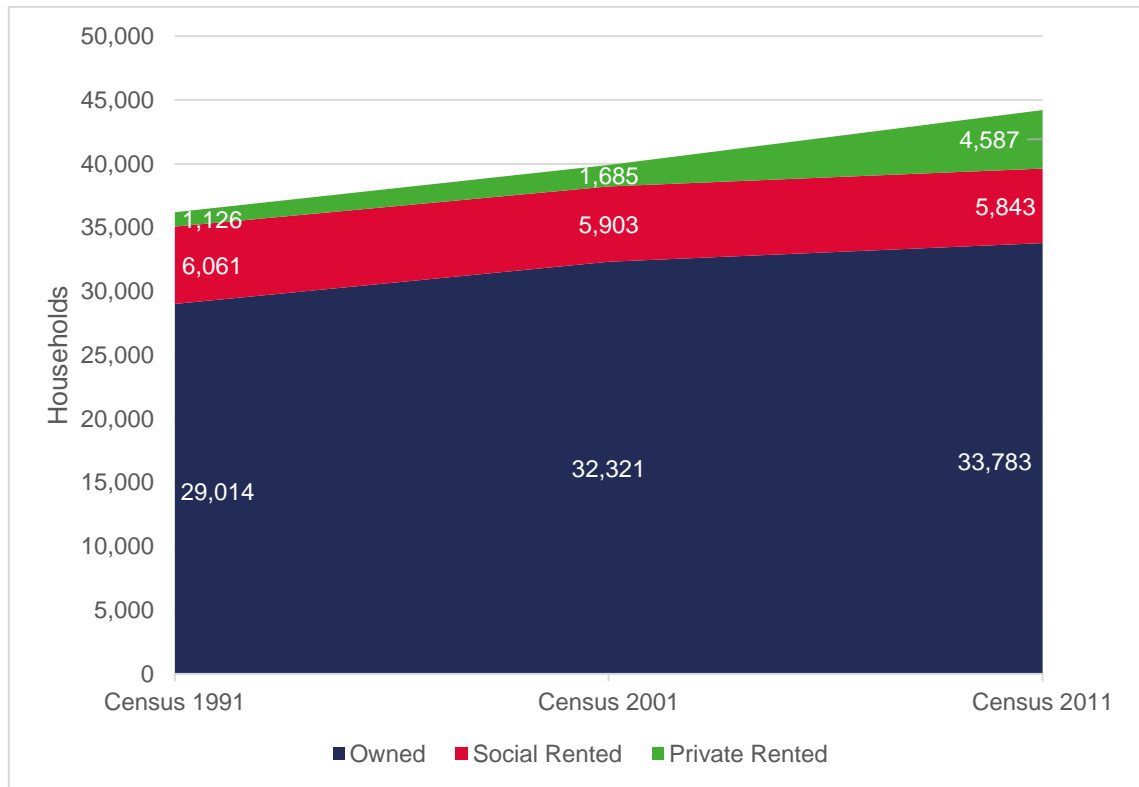


Figure 9.2 Growth of the Private Rented Sector in Preston

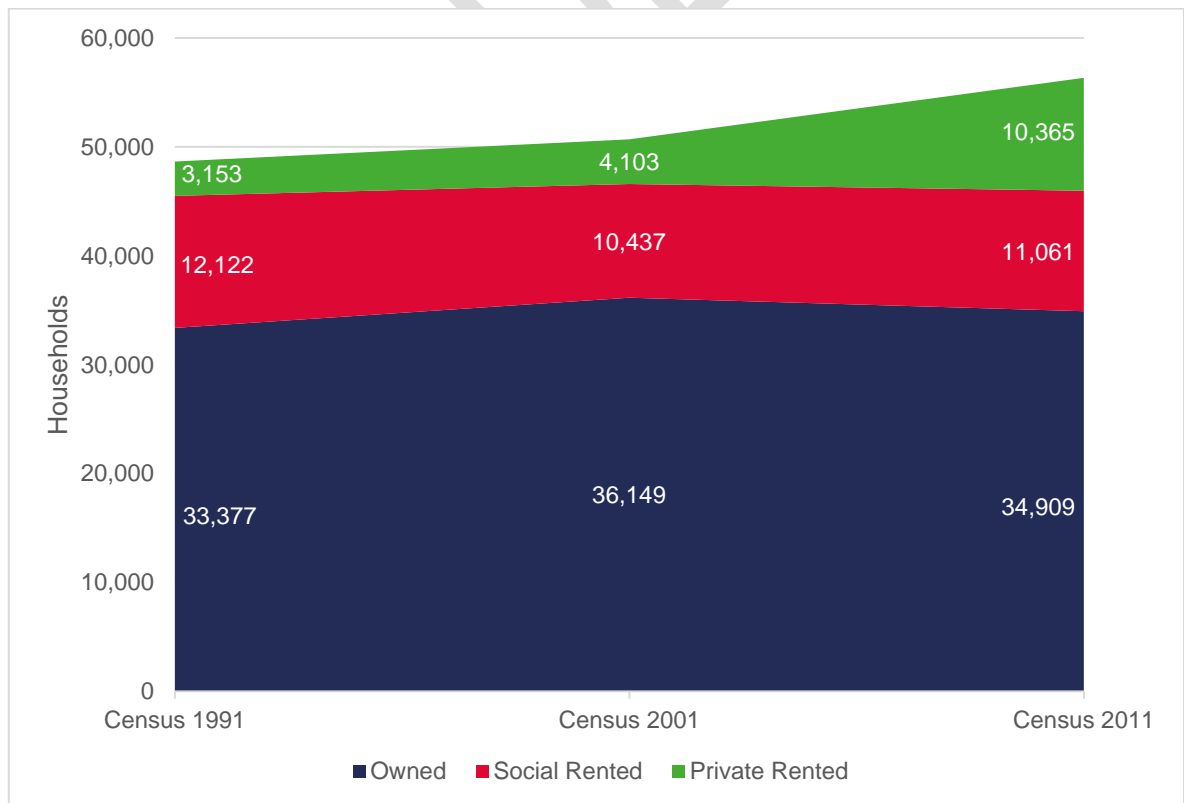
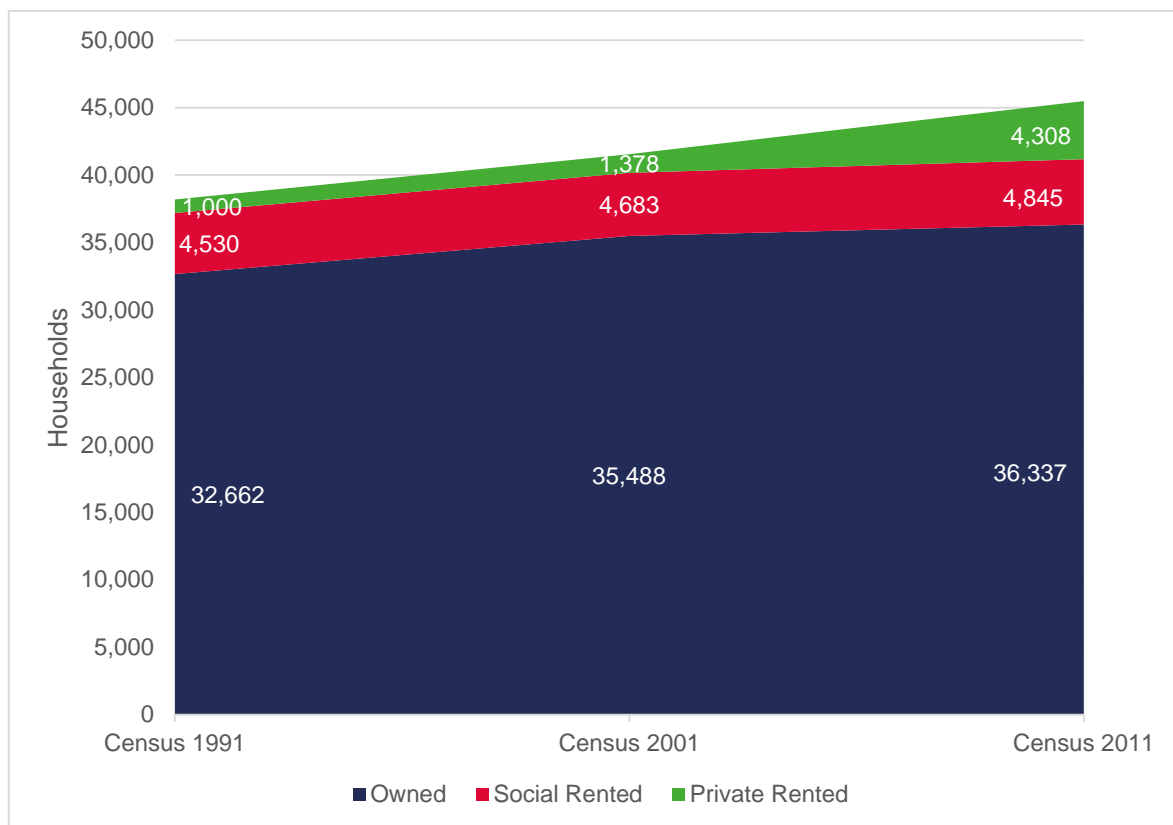


Figure 9.3 Growth of the Private Rented Sector in South Ribble



9.10 Across the three Central Lancashire authorities, Preston has seen the largest household increase in the private rented sector over the last three census points at 7,212 households; with private renting comprising 6% of all households in 1991, rising to 18% in 2011. Chorley and South Ribble have seen a proportionate increase in the private rented sector of around 7%. However notably, across all authorities the private rented sector remained the third largest sector despite the private rented sector being the second largest nationally.

9.11 Recent data published by Shelter (July 2018) looks at growth in the private rented sector by local authority between the point of the 2011 Census to data collected by YouGov in 2018. The evidence clearly points to further significant growth in the private rented sector in Central Lancashire since 2011. However, due to the survey-based nature of the dataset, undue reliance should not be placed on the specific figures in Figures 10.4 to 10.6. Nevertheless, it is clear the sector has continued to grow over the period since the last Census in 2011.

Figure 9.4 Tenure Change In Chorley, 2001-2018

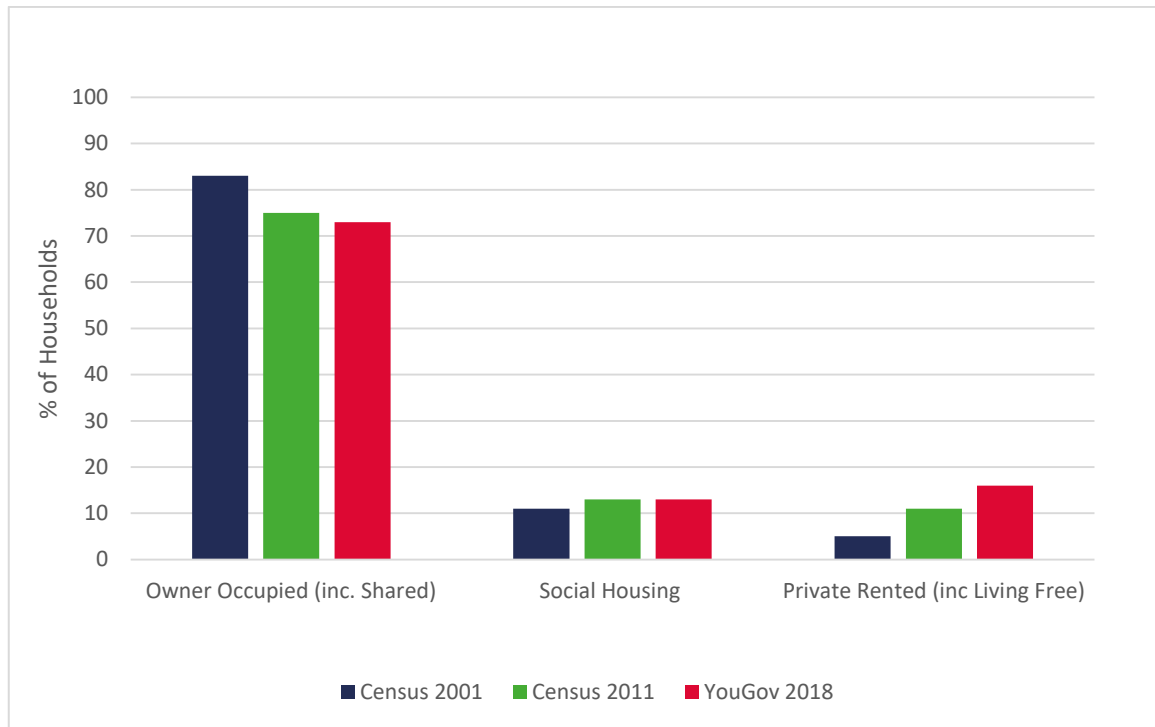


Figure 9.5 Tenure Change In Preston, 2001-2018

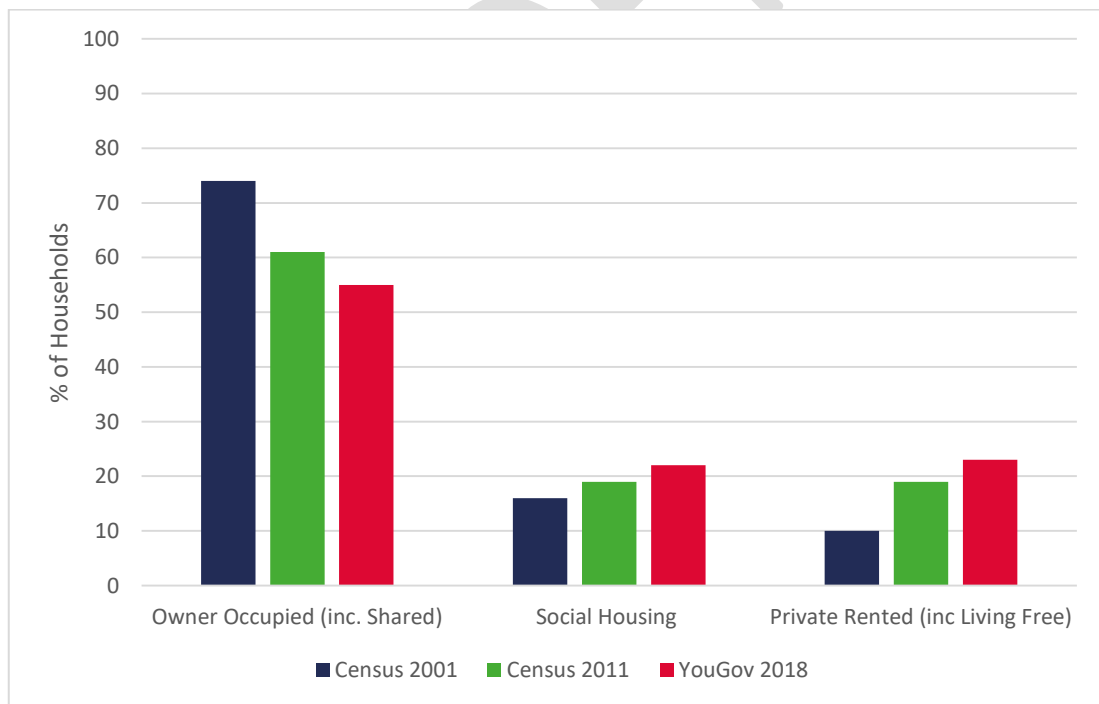
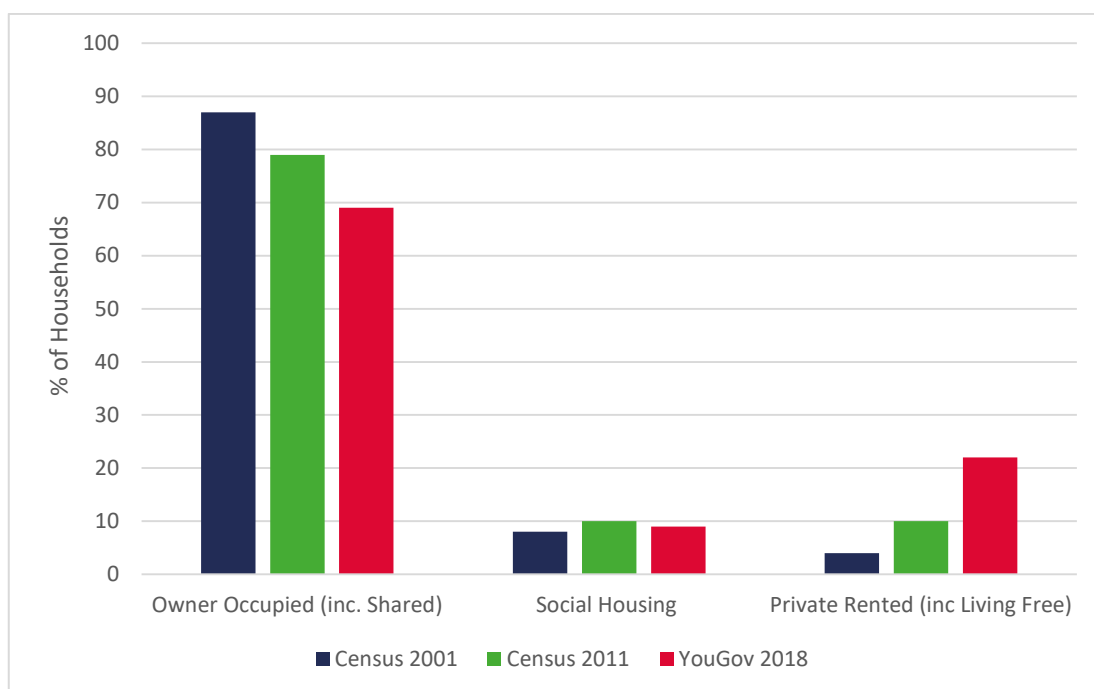


Figure 9.6 Tenure Change In South Ribble, 2001-2018



9.12 The Figures above show that across all three authorities, the private rented sector is now believed to be the second largest sector. Over the period from 2011 to 2018, the analysis shows that South Ribble has seen the greatest increase in the private rented sector since the 2011 Census, with a percentage increase of 12 percentage points (pp). Chorley has seen a 5pp increase and Preston has seen an increase of 4pp in the private rented sector; with the Preston private rented sector still the largest in Central Lancashire.

9.13 Turning to the private rental market, we have also reviewed current private rents in Central Lancashire against the relevant comparators. The data is drawn from the Valuation Office Agency “VOA” as at year end September 2018. The Table below sets out median rents by property size for each of the Central Lancashire authorities, the North West and England.

Table 9.1 Median Rents by Property Size, 2018

Local Authority	Room	Studio	1 Bed	2 Beds	3 Beds	4+ Beds	All
Chorley	£-	£-	£400	£525	£625	£900	£550
Preston	£347	£400	£425	£525	£595	£850	£525
South Ribble	£450	£330	£425	£548	£625	£875	£575
North West	£368	£395	£450	£550	£625	£900	£550
England	£390	£575	£600	£650	£750	£1,320	£690

9.14 The Table shows relatively low median rental values across Central Lancashire on a size by size basis in comparison to the national average, with the exception of single room rents in South Ribble. Median rental values in Central Lancashire are also generally slightly lower than the regional

average. Across all property sizes the median rental value for the Central Lancashire authorities ranges from £525 PCM in Preston, to £575 in South Ribble. This is broadly consistent with the regional median (£550) but between 31% and 20% lower than the national median.

- 9.15 The Build-to-Rent sector is one which we would describe as relatively 'embryonic' outside London and the Core Cities. It has developed over the last few years to a position where there are now a range of schemes in London, and schemes coming forwards in other Core Cities, but in many other areas there has been limited provision to date. In the short-term, it seems likely that the relative low private rental values may inhibit BTR investment in Central Lancashire.
- 9.16 The adopted Central Lancashire Core Strategy does not contain policies related specifically to the Build to Rent sector, although this in part reflects the recent emergence of the sector and changes to national planning policies concerning the status and importance of Build to Rent as part of the rental market. Linked to this, it is not surprising that there are currently no Build to Rent schemes in any of the three authority areas.
- 9.17 The PPG recognises that where a need is identified, that local planning authorities should include a specific plan policy relating to the promotion and accommodation of build to rent, including the circumstances and locations where build to rent schemes would be encouraged. It identifies town centre regeneration areas and parts of large sites as examples.
- 9.18 Icenii would expect based on the current evidence and values that there would be limited market interest in build-to-rent development in Central Lancashire in the short-term. In the medium-term, there is some potential in central Preston in particular. Build-to-Rent development will cater for a different market segment from 'for sale' housing and has the potential to assist in boosting housing delivery rates.
- 9.19 In respect of the dwelling mix within a Build-to-Rent Scheme, we would expect the focus to be on 2 and 3-bed properties given the occupancy profile associated with private rented accommodation (see Table 7.1). The sector can be expected to accommodate households typically aged in the 25-40 bracket who are unable to afford to buy a home; but may also include some older households looking for flexibility or whose circumstances have changed (e.g. divorcees). Given that this is a relatively embryonic sector, we would recommend that the Councils are not overly prescriptive on the mix of dwelling sizes within new Build-to-Rent development.
- 9.20 The NPPF definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Councils to adopt a consistent definition.

9.21 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will however differ from that of a typical mixed tenure development: returns from the BTR development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed. There is potential for a proportion of build-to-rent units to be delivered as 'affordable private rent' housing. Planning Practice Guidance¹⁸ states that:

“The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

9.22 The Councils should have regard to the specific Planning Practice Guidance on Build-to-Rent development. At the current time the starting point should therefore be that 20% affordable private rented homes at a discount of 20% to local market rents should be included within a development scheme. The Councils should test the feasibility of this through viability analysis, but in order to help stimulate the market; Icenl does not consider that a higher proportion of affordable housing or higher discount should necessarily be applied. Our analysis of 'living rents' considered in Section 5 may help inform judgements regarding what rent levels are 'affordable.'

¹⁸ ID: 60-002-20180913

Build-to-Rent Development: Implications

Build to Rent development is currently a reasonably embryonic market outside of London. This is apparent in Central Lancashire, where no Build to Rent schemes have yet come forwards. However, the private rented sector has seen strong growth across all three authorities since 1991; and it is considered that it is now the second largest sector after owner-occupation.

It is therefore appropriate that the Councils consider the sector and craft planning policies which help to support it and provide clarity on how policies will be applied to it. Given the nature of the sector, the Councils are advised to align policy requirements to national guidance.

The Councils should develop a policy supporting Build to Rent development which specifies the types of locations which are considered suitable for such development, which we would consider to include being brought forward in the town centres and in particular Preston City Centre.

Self-Build and Custom-Build Development

- 9.23 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) (“the 2015 Act”) provides a legal definition of ‘self-build and custom housebuilding’ which are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 9.24 The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector. In *Laying the Foundations: a Housing Strategy for England* (November 2011), the Coalition Government set out plans to enable more people to build or commission their own home.
- 9.25 The Housing and Planning Act 2016 (“the 2016 Act”), which received Royal Assent on 12th May 2016, formally introduced the ‘Right to Build’ at Chapter 2. This 2016 Act under the ‘duty to grant planning permissions etc’ has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period. The Self-Build and Custom Housebuilding Regulations 2016 subsequently came into force on 31st October 2016, amending the 2015 Act and implementing Chapter 2 of the 2016 Act.
- 9.26 In the Government’s Housing White Paper¹⁹ (paragraph 3.14) in January 2017, the commitment to support the self-build and custom housebuilding sector was reasserted, the Government stating that “*alongside smaller firms, the Government wants to support the growth of custom built homes*” in

¹⁹ Fixing our Broken Housing Market (DCLG, February 2017)

recognition of the fact that custom build homes are generally built more quickly, built to a higher quality and tend to use more productive and modern methods of construction.

9.27 In addition, the Government highlighted that “fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people”. According to successive Ipsos MORI polls at the time of the Paper’s publication, more than a million people across the UK expected to buy a building plot, secure planning permission or start/complete construction work on their new home.

9.28 On the other side of the argument however, the Government (paragraph 3.15) did acknowledge that there are barriers to self-build and custom housebuilding, including access to finance – as “mortgages for custom and self-built homes represent a very small proportion of the overall lending market”; the planning process and variations to local authority approaches and crucially, land supply and procurement.

Central Lancashire Self-Build Registers

9.29 As of 1st April 2016 and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority’s area in order to build their own self-build and custom houses. The individual authorities self-build and custom housebuilding register are free to join subject to fulfilling the eligibility criteria.

9.30 The Table below focusses on those who have expressed a preference for serviced plots of land in the Chorley over the four base periods. In respect of the first base period, which is a level of need expected to be met through permissions by 30th October 2019 in accordance with the 2016 Act; there were 2 expressions of interest in a serviced plot.

Table 9.2 Serviced Plot Demand by Base Period in Chorley

	Total
Base Period 1 (1 st April 2016 to 30 th October 2016)	2
Base Period 2 (31 st October 2016 to 30 th October 2017)	6
Base Period 3 (31 st October 2017 to 30 th October 2018)	4
Base Period 4 (31 st October 2018 to 31 st May 2019)	2
Total	14

9.31 The Table below sets out the position for Preston over the four base periods. In respect of the first base period, there were 3 expressions of interest in a serviced plot; however, the expressions of interest have gradually increased over each base period.

Table 9.3 Serviced Plot Demand by Base Period in Preston

	Total
Base Period 1 (1 st April 2016 to 30 th October 2016)	3
Base Period 2 (31 st October 2016 to 30 th October 2017)	7
Base Period 3 (31 st October 2017 to 30 th October 2018)	7
Base Period 4 (31 st October 2018 to 31 st May 2019)	8
Total	25

9.32 The Table below sets out the position for South Ribble over the four base periods. In respect of the first base period, there were 2 expressions of interest in a serviced plot.

Table 9.4 Serviced Plot Demand by Base Period in South Ribble

	Total
Base Period 1 (1 st May 2016 to 30 th October 2016)	2
Base Period 2 (31 st October 2016 to 30 th October 2017)	5
Base Period 3 (31 st October 2017 to 30 th October 2018)	7
Base Period 4 (31 st October 2018 to 31 st May 2019)	8
Total	22

9.33 It is important to highlight that an Ipsos Mori poll²⁰ undertaken for NaCSBA in 2016 found that only one in eight people interested in self-build were aware of the introduction of Right to Build Registers in England. As a result, the number of expressions of interest on a local authority's self-build register may underestimate demand.

Broader Demand Evidence

9.34 In order to supplement the data from the Councils' own registers, we have looked to a number of secondary sources as recommended by the PPG including *the Buildstore* and the *National Custom and Self-Build Association* (NaCSBA).

9.35 Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK, have provided us with further evidence of demand. The Buildstore hold two databases which are helpful in understanding the level of demand including:

- The Buildstore Custom Build Register: this is the UK's longest running record of demand for self-build and custom build homes. It is marketed as a register that will be used to evidence

²⁰ 'Survey of Self Build Intentions 2016' – this survey questioned nearly 2,000 people about their self-build ambition and activity

demand for custom build across the UK and demonstrate the scale of need and types of homes those registered, would like to design and create for themselves and their families; and

- The Buildstore PlotSearch service: this is a free to subscribe PlotSearch service which records opportunities for those looking to find a serviced plot of land to build on.

9.36 Having consulted Buildstore directly, they have informed us that:

- 185 people are registered as looking to build in Chorley on their Custom Build Register with a further 699 subscribers to their Plotsearch service which tracks self-build land opportunities;
- 148 people are registered as looking to build in Preston on their Custom Build Register with a further 468 subscribers to their Plotsearch service which tracks self-build land opportunities; and
- 146 people are registered as looking to build in South Ribble on their Custom Build Register with a further 540 subscribers to their Plotsearch service which tracks self-build land opportunities.

9.37 This suggests there is a more sizeable level of demand for serviced plots for self-build and custom housebuilding across all three authorities which hasn't yet been reflected in the Councils' own self-build registers. This may in part reflect a level of aspiration rather than genuine need.

9.38 The National Custom and Self-Build Association (NaCSBA) has undertaken primary research with Ipsos Mori at a national level which indicate that 1 in 50 of the adult population²¹ across the country want to purchase a Custom or Self-Build Home over the next 12 months.

9.39 If this is applied to the working population of Chorley²², Preston²³ and South Ribble²⁴, this would point to a potential need in the order of:

- 1,929 serviced plots in Chorley;
- 2,292 serviced plots in Preston; and

²¹ Those aged 15 or over; weighted to the known population profile

²² 96,462 persons aged 15 or over on the basis of the 2018 Mid-Year Population Estimates (ONS, June 2019)

²³ 114,581 persons aged 15 or over on the basis of the 2018 Mid-Year Population Estimates (ONS, June 2019)

²⁴ 91,442 persons aged 15 or over on the basis of the 2018 Mid-Year Population Estimates (ONS, June 2019)

-
- 1,829 serviced plots in South Ribble

9.40 Although research-based and the figures should therefore be treated with caution, this points towards a greater level of demand than the Councils' current self-build registers.

Supporting the Self-Build and Custom Housebuilding Sector

9.41 It is clear that there is a level of demand for self-build and custom housebuilding serviced plots of land in Central Lancashire. Over the last 4 base periods to date, there has been:

- A total of 14 expressions of interest in serviced plots of land in Chorley. There is also 185 people registered on the Buildstore's Custom Build Register and 699 subscribers to PlotSearch which points towards a higher level of demand in the area. Furthermore, NaCSBA research-based analysis points towards a need for 1,929 plots;
- A total of 25 expressions of interest in serviced plots of land in Preston. There is also 148 people registered on the Buildstore's Custom Build Register and 468 subscribers to PlotSearch which points towards a higher level of demand in the area. Furthermore, NaCSBA research-based analysis points towards a need for 2,292 plots; and
- A total of 22 expressions of interest in serviced plots of land in South Ribble. There is also 146 people registered on the Buildstore's Custom Build Register and 540 subscribers to PlotSearch which points towards a higher level of demand in the area. Furthermore, NaCSBA research-based analysis points towards a need for 1,829 plots.

9.42 The Self-Build and Custom Housebuilding PPG²⁵ sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area. There are a number of measures which can be used to support self-build and custom housebuilding in the authority areas, including:

- developing a planning policy which supports self-build and custom housebuilding;
- promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process;
- using local authority-owned land if available and suitable for self-build and custom housebuilding and marketing it to those on the register; and

²⁵ Paragraph: 025 Reference ID: 57-025-201760728

-
- working with custom build developers to maximise opportunities for self-build and custom housebuilding.

9.43 An increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies to encourage delivery, promote and boost housing supply. These typically require that a minimum proportion of plots within development schemes (often over a certain size) are offered to self-builders or as custom-build plots and/or allocation of sites solely for the use. This is often known as the “Teignbridge Rule” after the first District Council to adopt the first self-build policy. In this instance, 5% of all developable housing land is allocated for custom and self-build on larger sites.

9.44 However, Icen consider that there is also potential for individual small sites to come forward to deliver self-build and custom housebuilding development whereby an outline application is presented together with a design code, with individual plots then coming forward through reserved matters consents.

9.45 In order to respond to demand in the sector, a specific planning policy should therefore be prepared to help better promote and encourage delivery of self-build and custom housebuilding which provides sufficient flexibility for serviced plots to be delivered as part of larger schemes as well providing support for smaller sites to deliver serviced plots directly.

9.46 Icen also consider that it may be appropriate to provide flexibility to allow for serviced plots to be introduced into the market for conventional housing – subject to affordable housing provision - should demand fail to materialise on-site after an extended period of time following marketing of the serviced plots.

Self-Build and Custom Housebuilding: Summary

Self-build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. Since the introduction of the Councils self-build registers on 1st April 2016, there have been a total of:

- 14 expressions of interest in serviced plots of land in Chorley. There is also 146 people registered on the Buildstore’s Custom Build Register and 540 subscribers to PlotSearch; and NaCSBA research points towards a need for 1,929 plots;
- 25 expressions of interest in serviced plots of land in Preston. There is also 148 people registered on the Buildstore’s Custom Build Register and 468 subscribers to PlotSearch; and NaCSBA research points towards a need for 2,292 plots; and

-
- 22 expressions of interest in serviced plots of land in South Ribble. There is also 146 people registered on the Buildstore's Custom Build Register and 540 subscribers to PlotSearch; and NaCSBA research points towards a need for 1,829 plots.

The PPG sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area including developing policy and working with self-builders to maximise opportunities.

Accordingly, in recognition that there is demand in the three authority areas, a specific planning policy should be developed to help promote and encourage delivery of self-build and custom housebuilding. It is considered that schemes could come forwards on both small and larger sites; and the policy should be flexible to provide for opportunities as and when they arise.

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10. CONCLUSIONS AND RECOMMENDATIONS

- 10.1 In this section, the team has sought to draw together a set of conclusions and recommendations drawing on the analysis in the preceding sections.

Local Housing Need and Distribution

- 10.2 The Government has implemented a standard method for assessing housing need which takes 2014-based Household Projections and applies an upward adjustment based on the median house price to earnings ratio.
- 10.3 The standard method results in a minimum local housing need for 1,026 dwellings per annum across the plan area. In line with the PPG, where strategic policies are being produced jointly, the housing need for the defined area should at least be the sum of the local housing need for each local planning authority; and it is then for the authorities to distribute the need across the plan area.

R1: The Councils should test the ability to meet the standard method housing requirement figures, which equates to provision of 18,468 dwellings (2018-36 at 1,026 per annum) through the plan-making process; and in appropriate to exceed this, recognising that this is a minimum figure.

- 10.4 This report has sought to work through a logical approach to arrive at a recommended distribution of housing need for the three authority areas in Central Lancashire with due regard to the existing population, jobs and workforce profile of each authority; as well as the existing spatial strategy, a nominal urban capacity figure for each authority and the proportion of nationally significant constraints.
- 10.5 The Table below brings all our analysis on these variables together to arrive at a recommended distribution; which can then be applied to the total local housing need figure for the plan area of 1,026 homes per annum.

Table 10.1 Recommended Interim Distribution of Housing Provision

Variable	CBC	PCC	SRBC
Jobs Distribution	22%	48%	30%
Population Distribution	32%	38%	34%
Affordability Distribution	36%	28%	36%
Workforce Distribution	32%	38%	30%
Nominal Urban Capacity	18%	42%	40%
Existing Spatial Strategy	30%	40%	30%
Land not Subject to National Constraints	20%	86%	33%
Recommended Distribution (%)	27.5%	40%	32.5%
Plan Area Local Housing Need (p.a.)	1,026		
Distributed Local Housing Need (p.a.)	282	410	334

R2: The Councils should adopt a distribution of housing needs which reflects a percentage split of 27.5% for Chorley, 40% for Preston and 32.5% for South Ribble based on a range of variables which support sustainable patterns of development.

- 10.6 This results in a local housing need for 282 homes per annum in Chorley, 410 homes per annum in Preston and 334 homes per annum in South Ribble. This is anticipated to be taken through and agreed in the updated Memorandum of Understanding between the three authorities. This is intended to provide an interim basis for agreeing how the HMA's housing needs might be distributed.
- 10.7 It will be necessary to review this as the plan-making process progresses to take account of further evidence including related to land availability, development constraints, infrastructure and the testing of options for the distribution of housing through the Integrated Appraisal process. Icenis consider that robust strategic planning should be undertaken on a 'boundary blind' basis with potential strategic spatial options developed and tested for Central Lancashire as a whole.
- 10.8 The level and distribution of housing within an MOU may also require review and updating to take account of new evidence or changes in national policy/guidance, such as a review of the standard method which Government has indicated it may undertake in due course.

Affordable Housing

- 10.9 The report includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the 2019 NPPF. This includes households who might be able to rent a home in the private sector without financial support but aspire to own a home and require support to do so.

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- 10.10 The assessment shows an annual need for 590 rented affordable homes across Central Lancashire which is consistent – albeit marginally lower - with the 2017 SHMA which also demonstrates a substantial need for affordable housing. The Table below provides a breakdown of the need by authority.

Table 10.2 Annual Net Need for Affordable Housing in Central Lancashire

2018-36	Chorley	Preston	South Ribble	C Lancs
Net Need for Rented Affordable	132	250	208	590

- 10.11 The report has also assessed the potential scale of need for affordable home ownership housing, identifying that there is not a net need for additional affordable home ownership homes.
- 10.12 In bringing together evidence through the new Local Plan, the Councils need to consider the evidence of need, the relative acuteness of the need, and issues of residential development viability. The NPPF advises that at least 10% of all new housing on large sites of 10 or more homes should be for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.
- 10.13 The evidence in this report suggests it would be reasonable to conclude that there is no need to provide significant quantities of housing under the new definition of ‘affordable home ownership’. This said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (in terms of the ability to afford both a deposit and stamp duty) and low cost home ownership homes - and shared ownership homes in particular - will therefore continue to play a role in supporting some households in this respect.
- 10.14 Conversely, there is a clear and acute need for affordable rented housing, the Councils should look to seek as much rented affordable products as possible. The analysis identifies that between 29% and 33% of the group of households unable to afford market housing to rent fall in the gap between the market and 80% of the market depending on location. It is therefore suggested that a target of 30% of all rented affordable housing as affordable rents would be reasonable (and therefore 70% to be social rents).

R3: A clear need for affordable housing is shown and Icen consider that the Councils are fully justified in seeking affordable housing through new development schemes. The new Local Plan should include policies advising on the proportion of affordable housing sought through new development taking account of the housing needs as well as viability evidence.

In negotiating affordable housing on individual schemes, the Councils should have regard to this report; as well as the profile of need at the local level at the time of considering a planning application and where applicable, the viability of the development scheme.

R4: In setting policies on affordable housing, the Councils are advised to bring together evidence of need within this report with consideration of how they wish to prioritise the delivery of different types of affordable housing and evidence/testing of residential development viability. The evidence in this report would suggest the provision of rented affordable housing should be prioritised and therefore Icen consider that 10% low-cost home ownership housing (at 10%) through policy would not be justified. In recognition of the significant need for rented affordable accommodation, the Councils should look to seek as much rented affordable products as possible subject to viability. However, it should be noted that there may be circumstances where shared ownership is appropriate i.e. where the requirement for a deposit is lower.

R5: Icen recommend that given the there is a clear and acute need for affordable rented housing from lower income households, a target of 30% of all rented affordable housing should be for affordable rents 70% should be for social rents. This is supported by the analysis in this report.

R6: Icen recommend that affordable home ownership homes are priced to be affordable to households who cannot afford lower quartile house prices. Note that Table 5.12 in this report provides guidance of how homes of different sizes should be priced based on current evidence.

Older Persons Housing Needs

- 10.15 The analysis in this report has shown a notable growth in the population of older persons aged 65+ in Central Lancashire over the period to 2036. Within this, the number of people with a range of disabilities is projected to increase by 9,393 across the plan area. The specific projections undertaken include an expected increase of those with dementia by 2,712 and with mobility problems by 6,251 to 2036.
- 10.16 Many older households will continue to live in mainstream housing but given the substantial growth in the population of older persons and associated increases in those with a disability, it is appropriate for new housing to be delivered to meet Part M4(2) accessible and adaptable home standards, subject to viability testing and site suitability.

R7: The Councils should develop planning policy which requires a third of new homes to be delivered to the Part M4(2) standards as set out in Building Regulations where this is feasible and appropriate on-site.

- 10.17 Some older households, particularly those aged over 75, will require specialist housing provision. The analysis in this section points to a need for 3,076 units of housing with support to 2036, and 1,897 units of housing with care across the plan. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site.

Table 10.3 Need for Specialist Older Persons Housing in Central Lancashire

2018-36	Rented	Leasehold	Total
Housing with Support	-160	3,236	3,076
Housing with Care	864	1,033	1,897

- 10.18 The analysis also identifies a need for 573 care home bedspaces in Central Lancashire to 2036. These will fall within a C2 use class.
- 10.19 It is important that the councils' planning policies support the delivery of specialist housing and care home bedspaces. Doing so will help to release existing mainstream housing, including family housing, for other groups within the population. Particular barriers to delivery include access to land, and the viability of provision which can differ from mainstream housing

R8: The Councils should consider making specific allocations of land for older persons housing and care home bedspaces, given that developers of specialist housing can in some instances struggle to secure sites against mainstream market housing developers.

R9: The Councils should carefully consider the economics of delivery of different types of older persons housing through the preparation of viability evidence and consider whether a differential affordable housing policy should be applied to different types of specialist housing schemes. In particular, for schemes with higher levels of care provision and significant communal facilities, consideration should also be given to whether it is practical to manage market and affordable provision within a single development. This may be influenced by the nature of the site and scheme.

- 10.20 In addition, a need for 1,085 dwellings from wheelchair users in the plan area, equivalent to 6% of the total housing need. Icen consider that it would be appropriate to seek provision as part of major new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

R10: Planning policies should require 5% of dwellings on major development schemes (i.e. 10 homes or more) to be delivered to wheelchair adaptable standards. This should be reviewed on a site-by-site basis.

Needs for Different Sizes of Homes

- 10.21 Understanding the existing housing mix in the plan area is important in considering what future mix of housing is appropriate to deliver a mixed and balanced community. This is important at both a strategic, and at a local, level.
- 10.22 The analysis in this report shows that the profile of housing in Central Lancashire looks to be fairly balanced in comparison with other areas (i.e. there is not obvious over or under supply of particular sizes of homes relative to other locations) although there are some differences across locations (the profile of the private rented sector in Preston being the most notable).
- 10.23 Taking into account the current housing stock and expected demographic trends – including the expectation that some older households will downsize if the right properties are available), this report points towards a need for different sizes of homes in the market and affordable sectors which are reflected in the Table below.

Table 10.4 Recommended Housing Mix, Central Lancashire

	Affordable Rented	Affordable Home Ownership	Market Housing
1 Bed	40%	20%	5%
2 Bedrooms	30%	40%	35%
3 Bedrooms	20%	30%	45%
4+ Bedrooms	10%	10%	15%

R11: Iceni recommend that this Table informs negotiations regarding the mix of housing to be delivered on individual development sites alongside consideration of the existing housing mix in the settlement and gaps in the housing offer, the development pipeline and where appropriate evidence of the profile of households on the Housing Register in an area on needs shown through local survey evidence. Consideration should also be given to the location and nature of the development site.

- 10.24 The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and Iceni consider that it would be reasonable to expect justification for a housing mix on such sites which significantly differs from that modelled herein.

Build to Rent Development

- 10.25 Build to Rent development is currently a relatively embryonic market outside of London. This is apparent in Central Lancashire, where no Build to Rent schemes have yet tested the market. However, the private rented sector has seen strong growth across all three authorities since 1991; and recent data suggests that it is now the second largest sector in the HMA.
- 10.26 It is therefore appropriate that the Councils consider the sector and craft planning policies which help to support it and provide clarity on how policies will be applied to it. The Councils should develop a policy supporting Build to Rent development which specifies the types of locations which are considered suitable for such development, which we would consider to include schemes being brought forward in the town centres, particularly in Preston City Centre.
- 10.27 Iceni consider that given the embryonic nature of the sector, the councils would be advised to align policy requirements with national guidance. Current rental levels are probably insufficient to support significant levels of build-to-rent development.

R12: The Councils should develop a policy supporting Build to Rent development. This should specify the types of locations which are considered suitable for such development, which we would consider to include strategic sites in town centres.

R13: The Councils should, subject to viability testing, include a clear policy on the level of affordable housing provision to be sought within Build-to-Rent schemes. Iceni consider that this should require 20% of units to be delivered as affordable private rented housing at a 20% discount to market rents (inclusive of service charge) in line with the PPG subject to viability.

Self-Build and Custom Housebuilding

- 10.28 Self- and custom-build development is also a growing sector of the housing market, and one which has potential to contribute to housing delivery. Following the introduction of the Councils self-build registers on 1st April 2016, there have been a total of:
- 14 expressions of interest in serviced plots of land in Chorley. There is also 185 people registered on the Buildstore's Custom Build Register and 699 subscribers to PlotSearch; and NaCSBA research points towards a need for 1,929 plots;
 - 25 expressions of interest in serviced plots of land in Preston. There is also 148 people registered on the Buildstore's Custom Build Register and 468 subscribers to PlotSearch; and NaCSBA research points towards a need for 2,292 plots; and

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- 22 expressions of interest in serviced plots of land in South Ribble. There is also 146 people registered on the Buildstore's Custom Build Register and 540 subscribers to PlotSearch; and NaCSBA research points towards a need for 1,829 plots

10.29 The PPG²⁶ sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area including developing policy and working with self-builders to maximise opportunities.

10.30 Accordingly, in recognition of the level of demand in the study area, a specific planning policy should be developed to help promote and encourage delivery of self-build and custom housebuilding. It is considered that schemes could come forwards on both small and larger sites in each authority area; and the policy should be flexible to provide for opportunities as and when they arise.

R14: The Councils should develop a flexible approach to supporting the self-build and custom housebuilding sector on both small sites, and larger strategic sites within the authority areas.

²⁶ Paragraph: 025 Reference ID: 57-025-201760728

A1. PROJECTED CHANGE IN HOUSEHOLD TYPES

A1.1 Chorley

	2018	2036	Change	% Change
One-person household (aged 65 and over)	6,333	8,333	2,000	31.6%
One-person household (aged under 65)	7,816	8,141	324	4.2%
Couple (aged 65 and over)	6,888	10,552	3,663	53.2%
Couple (aged under 65)	7,738	6,253	-1,485	-19.2%
A couple and one or more other adults: No dependent children	3,677	3,487	-190	-5.2%
Households with one dependent child	7,262	7,703	441	6.1%
Households with two dependent children	5,766	5,788	22	0.4%
Households with three dependent children	1,757	1,463	-294	-16.7%
Other households	2,570	3,017	447	17.4%
TOTAL	49,807	54,736	4,929	9.9%
Total households with dependent children	14,785	14,955	170	1.1%

A1.2 Preston

	2018	2036	Change	% Change
One-person household (aged 65 and over)	6,922	8,444	1,522	22.0%
One-person household (aged under 65)	14,042	17,232	3,189	22.7%
Couple (aged 65 and over)	5,217	7,267	2,050	39.3%
Couple (aged under 65)	6,811	5,025	-1,786	-26.2%
A couple and one or more other adults: No dependent children	4,296	4,434	139	3.2%
Households with one dependent child	7,896	8,919	1,023	13.0%
Households with two dependent children	5,875	5,884	9	0.2%
Households with three dependent children	3,188	3,426	238	7.5%
Other households	4,539	5,319	780	17.2%
TOTAL	58,786	65,951	7,165	12.2%
Total households with dependent children	16,959	18,229	1,270	7.5%

A1.3 South Ribble

	2018	2036	Change	% Change
One-person household (aged 65 and over)	6,317	7,418	1,101	17.4%
One-person household (aged under 65)	6,475	6,644	169	2.6%
Couple (aged 65 and over)	7,087	10,561	3,474	49.0%
Couple (aged under 65)	7,114	5,911	-1,203	-16.9%
A couple and one or more other adults: No dependent children	4,075	4,186	110	2.7%
Households with one dependent child	7,127	8,746	1,619	22.7%
Households with two dependent children	4,998	5,172	174	3.5%
Households with three dependent children	1,651	1,471	-180	-10.9%
Other households	2,851	3,423	572	20.1%
TOTAL	47,695	53,532	5,837	12.2%
Total households with dependent children	13,776	15,389	1,613	11.7%

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