



Proof of Evidence of Ben Pycroft BA(Hons), Dip TP, MRTPI in relation to housing land supply

Outline planning application for up to 151 no. dwellings –
Land at Cardwell Farm, Garstang Road, Barton, Preston,
PR3 5DR

for Wainhomes (North West) Ltd

Emery Planning project number: 16-344

PINS ref: APP/N2345/W/20/3258889

LPA ref: 06/2019/0752

Project : 16-344
Site address : Cardwell Farm, Garstang
Road, Barton, Preston,
PR3 5DR
Client : Wainhomes (North West)
Ltd
Date : 12 January 2021
Author : Ben Pycroft

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1. Introduction

- 1.1 This proof of evidence is submitted on behalf of Wainhomes (North West) Ltd (i.e. the Appellant) in support of its appeal against the decision of Preston City Council to refuse to grant outline planning permission for a residential development of up to 151 no. dwellings at land at Cardwell Farm, Garstang Road, Barton (PINS ref: APP/N2345/W/20/3258889, LPA ref: 06/2019/0752).
- 1.2 This proof of evidence specifically addresses matters relating to housing land supply. It should be read alongside the proof of evidence prepared by Mr Harris, which deals with all other planning matters in relation to the appeal.

Qualifications

- 1.3 I am Benjamin Michael Pycroft. I have a B.A. (Hons) and postgraduate diploma in Town Planning from the University of Newcastle-upon-Tyne and am a member of the Royal Town Planning Institute. I am a Director of Emery Planning, based in Macclesfield, Cheshire.
- 1.4 I have extensive experience in dealing with housing supply matters and have prepared and presented evidence relating to five year housing land supply calculations at several Local Plan examinations and public inquiries across the country.
- 1.5 I understand my duty to the inquiry and have complied, and will continue to comply, with that duty. I confirm that this evidence identifies all facts which I regard as being relevant to the opinion that I have expressed and that the Inquiry's attention has been drawn to any matter which would affect the validity of that opinion. I believe that the facts stated within this proof are true and that the opinions expressed are correct and comprise my true professional opinions which are expressed irrespective of by whom I am instructed.
- 1.6 I provide a separate summary to this proof of evidence and set of appendices. I also refer to several core documents and the statement of common ground in relation to five year housing land supply.

Executive summary

1.7 Paragraph 73 of the Framework states:

“Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years’ worth of housing against their housing requirement set out in adopted strategic policies or against their local housing need where the strategic policies are more than five years old.”

1.8 Footnote 37 of the Framework explains that unless the housing requirement set out in the strategic policy has been “*reviewed and found not to require updating*”, local housing need will be used for assessing whether a five year supply of specific deliverable sites exists using the standard method set out in the PPG once the strategic policy is more than five years old.

1.9 The housing requirement for Preston is 507 dwellings per annum as set out in Policy 4 of the Central Lancashire Core Strategy. The Core Strategy is more than 5 years old. However, it is common ground that the housing requirement set out within Policy 4 was reviewed in 2017 when the Central Lancashire authorities commissioned the production of a Strategic Housing Market Assessment (SHMA) and then signed a Memorandum of Understanding (MOU) which agreed that the housing requirement figures should continue to be applied prior to or pending adoption of a replacement local plan¹.

1.10 Whilst the review of Policy 4 took place before the July 2018 Framework was published and the standard method for calculating local housing need was introduced, footnote 37 of the Framework is clear that where the housing requirement has been reviewed and found not to require updating, it should continue to be used to measure the five year housing land supply. This part of footnote 37 was introduced in the July 2018 Framework without any transitional arrangements. Therefore, from the day the 2018 Framework was first published, even if the strategic policy was over five years old, as long as it had been reviewed and found not to require updating then the housing requirement within it should continue to be used for five year housing land supply purposes. There is no distinction in the Framework between reviews undertaken

¹ Please see paragraph 2.4 of the Statement of Common Ground on Housing Land Supply

before or after the publication of the 2018 Framework. This is confirmed in the PPG. Paragraph 68-005 of the PPG² is within the section entitled: "Housing supply and delivery". It states:

"Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5 year land supply figure where:

- *the plan was adopted in the last 5 years, or*
- *the strategic housing policies have been reviewed within the last 5 years and found not to need updating. (my emphasis).*

1.11 Paragraph 68-005 was last updated on 22nd July 2019 and therefore would apply to any review which had been undertaken from July 2014 onwards i.e. including those reviews undertaken before the 2018 Framework was published. Indeed, the previous version of this paragraph contained within paragraph 3-030³ was published the same day as the PPG provided the standard method for calculating local housing need in September 2018. It contained similar wording to paragraph 68-005 and stated:

"Housing requirement figures identified in strategic policies should be used as the starting point for calculating the 5 year land supply figure:

for the first 5 years of the plan, and

where the strategic housing policies plans are more than 5 years old, but have been reviewed and are found not to need updating." (my emphasis)

1.12 As the policy which contains the housing requirement for Preston has been reviewed within the last 5 years and found not to need updating, national planning policy contained within footnote 37 of the Framework and supported by guidance contained within paragraph 68-005 of the PPG is clear that the five year housing land supply should be measured against it. Indeed, until December 2019, the Council accepted this is the case. The previous Housing Land Position statement (HLPS, base date 31st March 2019, published June 2019) states:

"Whilst the housing requirement policy (Policy 4) is now almost seven years old, Preston are still using this requirement rather than the local housing need figure due to a 'review' of this policy which took place in 2017. At this time, following the publication of the new Central Lancashire Strategic Housing Market Assessment, Preston entered into a Memorandum of Understanding with its

² Paragraph: 005 Reference ID: 68-005-20190722: "What housing requirement figure should authorities use when calculating their 5 year housing land supply?"

³ Paragraph: 030 Reference ID: 3-030-20180913: "How can an authority demonstrate a 5 year supply of deliverable housing sites?"

neighbours South Ribble and Chorley Council's endorsing the requirements set out in Policy 4. This decision was taken to ensure the three authorities continued to meet their own respective Objectively Assessed Needs, but also to meet the aspirations of the Preston, South Ribble and Lancashire City Deal and Government's aspirations to increase the supply of housing."

- 1.13 It is common ground that assessing the five year housing land supply against the adopted housing requirement means that the Council cannot demonstrate a deliverable five year housing land supply⁴. Applications were recommended for approval on this basis⁵, including the appeal application in October 2019⁶.
- 1.14 The Council changed its position following the publication of a decision in relation to an appeal made by Wainhomes (North West) Ltd against the decision of South Ribble Council to refuse to grant outline planning permission for up to 100 dwellings at land to the south of Chain House Lane, Whitestake on 13th December 2019⁷. This was because the Inspector in that case concluded that the 2017 SHMA and MoU did not properly constitute a review and therefore that the local housing need should be used for calculating the housing land supply. The appeal application was taken back to Planning Committee and recommended for refusal within this context⁸.
- 1.15 However, subsequently, the Chain House Lane decision was successfully challenged and quashed in the High Court⁹. The judgment is dated 21st August 2020 and explains that Ground 1 of the challenge was that the Inspector erred in concluding on the basis of the material before her that the MOU and the SHMA leading up to it did not amount to a review under footnote 37 of the Framework. This ground succeeded as the Judge found the Inspector's reasons for concluding that the MOU and the SHMA process leading up to it did not properly constitute a footnote 37 review are not legally adequate.
- 1.16 In its statement of case, the Council now asserts that Policy 4 is out of date, regardless of having been subject to a review in October 2017 (paragraphs 7.6 and 7.8). It explains that a review of the MOU took place and a Central Lancashire Housing Study was commissioned to assess whether a) the standard method was the correct starting point for determining local housing

⁴ Please refer to paragraphs 2.11 and 3.1 of the Statement of Common Ground on Housing Land Supply

⁵ Appendix **BP2**

⁶ Core document **D1**

⁷ Core document **F2**

⁸ Core document **D3**

⁹ Core document **G1**

need and b) what the distribution of the local housing need should be across Central Lancashire (paragraph 7.9). The Central Lancashire Housing Study (March 2020)¹⁰ does not however assess housing need. It simply uses the local housing need calculated by the standard method and seeks to re-distribute it amongst the three local authorities. The Central Housing Study makes no reference to the fact that Policy 4 was reviewed within the last five years and found not to require updating. It refers to the Chain House Lane appeal decision, which at the time the Housing Study was published had not been quashed.

- 1.17 Unlike the SHMA, the Housing Study does not provide an assessment of housing need. This is surprising because it forms part of the evidence base for the Local Plan. The Housing Study states that the considerations set out in paragraph 2a-010 of the PPG¹¹ are for plan-making yet it makes no recommendation that a higher level of need than the standard method suggests should be made because of (for example) funding being in place to promote and facilitate additional growth in Preston (i.e. City Deal). The Housing Study does however conclude that the annual net need for rented affordable housing in Preston is 250 per annum. This is the same as the total local housing need using the standard method. However, the Housing Study makes no recommendation that the housing requirement figure should be higher than the standard method to meet this need as set out in section 67 of the PPG¹².
- 1.18 The Council's statement of case states that following the Central Lancashire Housing Study, the Central Lancashire authorities entered into a second MOU, signed in April 2020 and at this point the first MOU was superseded and became redundant. However, as of 4th November 2020 the Council has since withdrawn from the second MoU with immediate effect. The report to the Cabinet meeting is not publicly available. However, the minutes of the meeting confirm that the Council has withdrawn from the second MOU¹³. This was because in a decision regarding an appeal made by Gladman Developments Ltd against the decision of Chorley Council to refuse outline planning permission for up to 180 no. dwellings at land at Pear Tree Lane, Euxton, Chorley¹⁴, the Inspector concluded that Chorley Council could not re-distribute the local housing need through the second MOU.

¹⁰ Core Document **A11**

¹¹ Paragraph: 010 Reference ID: 2a-010-20201216: "When might it be appropriate to plan for a higher housing need figure than the standard method indicates?"

¹² Section 67: "Addressing the need for different types of housing"

¹³ Appendix **BP3**

¹⁴ Core document **F1**

1.19 The Council's statement of case does not explain why the reasons the Council concluded in 2017 that the adopted housing requirement should be retained are no longer relevant i.e.:

- a. The Council would continue to meet its OAN (of 402 dwellings per annum);
- b. It would meet the aspirations of the Preston, South Ribble and Lancashire City Deal;
and
- c. It would meet the Government's aspirations to increase the supply of housing.

1.20 The Council's statement of case does not explain why there should be a departure from national planning policy set out within footnote 37 of the Framework and supported by the guidance as set out in paragraph 68-005 of the PPG.

1.21 Against the adopted housing requirement plus backlog and a 5% buffer, the Council cannot demonstrate a deliverable five year housing land supply as set out in the following table.

Table 1.1 – Preston City Council's Five Year Housing Land Supply at 1st October 2020

	Requirement	
A	Annual requirement	507
B	Past shortfall at 30 th September 2020	910
C	Amount of past shortfall to be addressed in the five year period	910
D	Total five year requirement (A X 5 + C)	3,445
E	Requirement plus 5% buffer (D + 5%)	3,617
F	Annual requirement plus buffer (E / 5 years)	723
	Supply	
G	Five year supply 1 st April 2019 to 31 st March 2024	3,581
H	Years supply (G / F)	4.95

1.22 The implication of this is addressed by Mr Harris.

2. Planning policy context

2.1 Section 38(6) of the Planning and Compulsory Purchase Act (2004) requires applications for planning permission to be determined in accordance with the development plan, unless material considerations indicate otherwise. The National Planning Policy Framework (“the Framework”) is a material consideration, which is discussed below.

National planning policy and guidance

The National Planning Policy Framework (“the Framework”)

2.2 The Framework was published in March 2012. It was revised in July 2018 and again in February 2019. In relation to housing land supply, section 5 of the Framework: “*Delivering a sufficient supply of homes*” and the definition of “deliverable” set out on page 66 of the Framework are relevant to my proof of evidence.

Planning Practice Guidance (PPG)

2.3 The PPG was first published in March 2014 and has been updated since. It contains guidance on “*Housing and economic needs assessment*” at section 2a, which was updated on 16th December 2020. Guidance on “*Housing and economic land availability assessments*” at section 3 and “*Housing supply and delivery*” at section 68 was updated on 22nd and 23rd July 2019. I refer to paragraphs within these three sections of the PPG in my proof of evidence.

Development Plan Context

2.4 The existing development plan is contained within the Central Lancashire Core Strategy (adopted July 2012)¹⁵ and the Preston Local Plan (adopted July 2015)¹⁶. The conformity of the appeal proposal with the development plan is addressed by Mr Harris.

2.5 Policy 4 of the Core Strategy: “*Housing Delivery*” is relevant to my proof of evidence. It sets out a “*minimum*” housing requirement over the period 2010 to 2026 of:

- 507 dwellings per annum for Preston;
- 417 dwellings per annum for Chorley; and

¹⁵ Core document **A1**

¹⁶ Core document **A2**

- 417 dwellings per annum for South Ribble.

2.6 Policy 4 of the Core Strategy also states that prior under provision of 702 dwellings since 2003 should also be addressed in the plan period 2010 to 2026.

Other material considerations

Housing Land Position Statement at 1st October 2020¹⁷

2.7 The latest Housing Land Position Statement (HLPS) has a base date of 1st October 2020. I also refer to the previous HLPS (base date 31st March 2019¹⁸) in my proof of evidence.

Local Development Scheme (LDS)

2.8 The latest LDS was published in February 2020 and sets out the following timescale for updating the Central Lancashire Local Plan:

- Issues and Options Consultation – November 2019 – February 2020;
- Consultation on draft plan (Regulation 18) – Spring / Summer 2021;
- Publication of the Submission Draft Local Plan (Regulation 19) – October to December 2022;
- Submission – March 2023; and
- Adoption – November / December 2023.

Central Lancashire Local Plan

2.9 Consultation on Issues and Options¹⁹ took place between November 2019 and February 2020. The following documents form part of the evidence base to the new Local Plan and are relevant to my proof of evidence:

- The Strategic Housing Market Assessment (September 2017)²⁰; and
- Central Lancashire Housing Study (March 2020)²¹

¹⁷ Core Document **A8**

¹⁸ Core Document **A9**

¹⁹ Core Document **A16**

²⁰ Core Document **A10**

²¹ Core Document **A11**

Memorandum of Understanding and Statement of Co-operation

2.10 There have been two memorandums of understanding:

- Memorandum of Understanding 1 – October 2017²²; and
- Memorandum of Understanding 2 – May 2020²³.

2.11 The April 2020 version of the Memorandum of Understanding²⁴ is also part of the evidence base for the emerging Local Plan.

²² Core Document **A14**

²³ Core Document **A13**

²⁴ Core Document **A12**

3. Preston's Five Year Housing Land Supply Position

Previous positions

- 3.1 The Housing Land Position Statement (HLPS) Interim Report at 31st March 2016 was revised on 10th June 2016. It claimed that the Council could demonstrate a deliverable five year housing land supply of 3,970 dwellings which against the adopted housing requirement and a 5% buffer equated to 6.13 years. Those claims were due to be tested at a public inquiry in June 2016 into an appeal made by Wainhomes for 72 dwellings at land at Garstang Road, Preston (LPA ref: 06/2015/0306, PINS ref: 3130341). However, on the morning of the first day of the Inquiry the Council conceded that it did not have a five year supply of housing land.
- 3.2 The HLPS at 30th September 2017 was published in October 2017. It claimed that the Council could demonstrate a five year housing land supply of either 6.15 years or 7.76 years based on either the adopted housing requirement set out in the Core Strategy or the Objectively Assessed Housing Need (OAN) set out in the Strategic Housing Market Assessment (SHMA). Those claims were tested at a public inquiry in February 2018 into two appeals made by Hollins Strategic Land LLP and Wainhomes (North West) Limited against the decisions of the Council to refuse to grant outline planning permission for the erection of up to 97 no. dwellings at land off Sandy Gate Lane, Broughton (LPA ref: 06/2016/0736, PINS ref: 3179105) and up to 130 no. dwellings at Key Fold Farm, Garstang Road, Broughton (LPA ref: 06/2017/0097, PINS ref: 3179177). At the Inquiry, the Council's witness conceded under cross examination that the Council could not demonstrate a five year housing land supply and the correct housing requirement to use was that set out in the Core Strategy.
- 3.3 After the Inquiry in February 2018, the Council accepted that it could not demonstrate a five year housing land supply. This continued long after the 2018 Framework was published in July 2018 and after the 2019 Framework was published in February 2019. The HLPS at 31st March 2019 was published in June 2019 and explained that the Council could only demonstrate a deliverable supply of 3,204 dwellings, which against the adopted housing requirement and a buffer equated to 3.8 years. The HLPS at 31st March 2019 explained that even though the Core Strategy was more than five years old, policy 4 of the Core Strategy had been reviewed and should therefore be used to assess the five year housing land supply against.

Current position

3.4 The Council's most recent HLPS at 1st October 2020 was published in December 2020²⁵. For the avoidance of doubt, the HLPS is not an "Annual Position Statement" as defined on page 65 of the Framework. The HLPS has not been prepared and examined within the context of paragraph 74 of the Framework and the associated guidance.

3.5 The HLPS claims that the Council can demonstrate a supply at 1st October 2020 of 13.6 years based on the following:

- A base date of 1st October 2020 and a five year period to 30th September 2025;
- A local housing need of 250 dwellings per annum;
- The application of a 5% buffer meaning the supply to be demonstrated is 1,313 dwellings; and
- A "deliverable" supply of 3,581 dwellings.

3.6 The position is summarised in the following table:

Table 3.1 – Preston Council's Published Five Year Housing Land Supply at 1st October 2020

	Requirement	
A	Five year requirement at 1 st October 2020	1,250
B	Requirement plus 5% buffer (A + 5%)	1,313
C	Annual requirement plus buffer (B / 5 years)	263
	Supply	
D	Claimed five year supply 1 st October 2020 to 30 th September 2025	3,581
E	Years supply (D / C)	13.6

²⁵ Core Document **A8**

4. Housing Delivery

The Housing Delivery Test

- 4.1 The definition of the Housing Delivery Test (HDT) is provided in the Glossary to the Framework on page 67 as follows:

“Housing Delivery Test: Measures net additional dwellings provided in a local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November”

- 4.2 The HDT is measured as a percentage each year. The following implications apply where delivery falls below specific thresholds.
- 4.3 Firstly, as explained in footnote 7 of the Framework, the tilted balance to the presumption in favour of sustainable development set out in paragraph 11(d) of the Framework applies where the HDT indicates that the delivery of housing was “substantially below” the housing requirement over the previous years. The transitional arrangements set out in Annex 1 of the Framework explain that “substantially below” means for the 2018 HDT results below 25%, for the 2019 HDT results below 45% and for the 2020 HDT and beyond below 75%.
- 4.4 Secondly, paragraph 73 and footnote 39 of the Framework explain that where the HDT result is below 85%, the 20% buffer will apply for purposes of calculating the five year housing land supply.
- 4.5 Thirdly, Paragraph 75 of the Framework explains that where the HDT result is below 95%, the local planning authority should prepare an action plan to assess the causes of under delivery and identify actions to increase delivery in future years.
- 4.6 The HDT Measurement Rule Book (July 2018) explains that HDT is calculated as a percentage of net homes delivered against the “number of homes required”. However, it then explains that even where the latest adopted housing requirement figure is more than five years old but has been reviewed and found not to require updating (as is the case in Preston), “the number of homes required” is the lower figure of either the adopted housing requirement or the local housing need figure. The transitional arrangements set out in paragraph 21 of the HDT Measurement Rule Book then explain that for the financial years 2015/16, 2016/17 and 2017/18, the minimum annual local housing need figure is replaced by household projections.

- 4.7 The HDT 2019 Measurement Technical Note (February 2020) states that for test years 2016/17 and 2017/18, annual average household growth calculations are used to determine the number of homes required. However, for the test year 2018/19, the minimum annual local housing need figure is used.
- 4.8 The HDT results for 2019 were published on 13th February 2020. The result of Preston is summarised in the table below.

Table 4.1 – Summary of the 2019 Housing Delivery Test Result for Preston

	2016-17	2017-18	2018-19	Total
Number of homes required	296	214	234	745
Number of homes delivered	804	738	785	2,327
HDT measurement				313%

- 4.9 As can be seen from the above, Preston delivered 2,327 new homes over the last three years against a “requirement” based on household projections only for 2016-18 and the local housing need for 2018-19 of just 745 dwellings. This results in a HDT measurement of 313% and means that the Council has passed the 2019 HDT.

Housing delivery against the adopted housing requirement

- 4.10 The base date of the adopted plan is 1st April 2010. However, as policy 4 of the Core Strategy explains, the backlog since 1st April 2003 should be taken into account. The planned housing requirement set out in the Core Strategy is 507 dwellings. By 30th September 2020, 8,873 dwellings should have been completed based on an annual requirement of 507 dwellings. According to the Council's data, only 7,963 dwellings were completed in the same period and therefore the backlog is 910 dwellings as shown in the table below.

Table 4.2: Accumulated backlog of housing in Preston since 2003

Year	Requirement (dwellings p.a.)	Completions (net)	Over / under provision	Cumulative
2003/04	507	308	-199	-199
2004/05	507	544	37	-162
2005/06	507	627	120	-42
2006/07	507	565	58	16
2007/08	507	609	102	118
2008/09	507	468	-39	79
2009/10	507	5	-502	-423
2010/11	507	127	-380	-803
2011/12	507	265	-242	-1045
2012/13	507	202	-305	-1350
2013/14	507	142	-365	-1715
2014/15	507	488	-19	-1734
2015/16	507	282	-225	-1959
2016/17	507	791	284	-1675
2017/18	507	634	127	-1548
2018/19	507	785	278	-1270
2019/20	507	1,121	360	-910
01/04/20 – 30/09/20	254			
Total	8,873	7,963	-910	
Average	507	455		

5. Assessment of the Council's housing supply

5.1 My assessment of the Council's five year housing land supply is based on six key stages:

1. Agreeing the base date and five year period;
2. Identifying the housing requirement;
3. Identifying the past shortfall;
4. Identifying the method of addressing the past shortfall;
5. Applying the appropriate buffer; and
6. Identifying a Realistic and Deliverable Supply.

5.2 Each stage is addressed below.

6. Stage 1: Agreeing the base date and five year period

6.1 The base date is the start date for the five year period for which both the requirement and supply should relate.

6.2 The current HLPS has a base date of 1st October 2020. The five year period is 1st October 2020 – 30th September 2025. My assessment is therefore based on the same base date.

6.3 The Council should not attempt to add any new sites, which are not already included within the schedule of sites as being deliverable at the base date. This would effectively mean changing the base date to beyond 1st October 2020 without adjusting the housing requirement.

6.4 Within this context, there have been several appeal decisions, which have found such an approach to be inappropriate.

6.5 For example, in allowing an appeal for up to 150 dwellings at a site on Bath Road, Corsham, Inspector Prentis stated at paragraph 53 of the appeal decision²⁶:

"Finally, I note that since the Inquiry the Council has permitted housing development on two sites at or near Corsham, amounting to 152 dwellings. However, it would not be appropriate simply to add that figure to the supply – that would be tantamount to changing the base date of the HLS exercise. Moreover, some of these units are already accounted for in the HLS figures. The Council and the appellant have agreed that the correct base date for this appeal is 1 April 2014. If any later base date were used it would be necessary to review all the elements of the HLS exercise".

²⁶ PINS ref: 2222641

6.6 Similarly, in an appeal decision regarding land to the rear of former Dylon International Premises, Station Approach, Lower Sydenham, London²⁷, the Inspector noted the following in paragraphs 17 and 18:

"17. The final site is the former Town Hall and car park that was granted planning permission for 53 units in November 2015, after the base date of 1 April 2015. The appellants submit that the appropriate estimate is the 20 units envisaged at the base date, whereas the Council considers that the latest position should be the one on which the figures are based.

18. Whilst there is more up-to-date information now available, it seems to me that if additional units granted planning permission after the base date are to be taken into account, so should any units that have been completed after the base date and consequently removed from the future supply availability, in order to present the most accurate overall picture. This exercise had not been completed for the Inquiry and I therefore conclude that for the purposes of this appeal, the position as agreed in the SoCGH should be adhered to."

²⁷ PINS ref: 3144248

7. Stage 2: Identifying the housing requirement

National planning policy and guidance

7.1 Paragraph 73 of the Framework states:

“Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years’ worth of housing against their housing requirement set out in adopted strategic policies or against their local housing need where the strategic policies are more than five years old.”

7.2 Footnote 37 of the Framework explains that unless the housing requirement set out in the strategic policy has been “*reviewed and found not to require updating*”, local housing need will be used for assessing whether a five year supply of specific deliverable sites exists using the standard method set out in the PPG once the strategic policy is more than five years old. The first sentence of the footnote is important because it means that the five year housing land supply will not be assessed against the local housing need using the standard methodology in all circumstances when the policies become five years old. The first sentence of the footnote is the same as that set out in footnote 37 of the 2018 version of the Framework.

7.3 Paragraph 68-002 of the PPG²⁸ states:

“A 5 year land supply is a supply of specific deliverable sites sufficient to provide 5 years’ worth of housing (and appropriate buffer) against a housing requirement set out in adopted strategic policies, or against a local housing need figure, using the standard method, as appropriate in accordance with paragraph 73 of the National Planning Policy Framework.”

7.4 Paragraph 68-005 of the PPG²⁹ states:

“Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5 year land supply figure where:

- the plan was adopted in the last 5 years, or*
- the strategic housing policies have been reviewed within the last 5 years and found not to need updating.*

²⁸ Paragraph: 002 Reference ID: 68-002-20190722: “What is a 5 year land supply?”

²⁹ Paragraph: 005 Reference ID: 68-005-20190722: “What housing requirement figure should authorities use when calculating their 5 year housing land supply?”

In other circumstances the 5 year housing land supply will be measured against the area's local housing need calculated using the standard method." (my emphasis)

- 7.5 Consequently, it is clear that the five year supply should be measured against the housing requirement set out in strategic policies when those policies are less than five years old and when they are more than five years old if those policies have been reviewed and found not to require updating within the last five years.

Assessment

- 7.6 I set out a timeline of events at appendix **BP1** which I discuss below.
- 7.7 Policy 4 of the Core Strategy: "Housing Delivery" sets out the housing requirement for Preston for the period 2010 to 2026 of 507 dwellings per annum. The local housing need using the standard method set out in the PPG is less than half of this. It equates to just 250 dwellings per annum.
- 7.8 The Core Strategy was adopted in 2012 and is therefore more than five years old. Indeed, it was already more than five years old when the 2018 Framework was published in July 2018. It follows that the adopted housing requirement should continue to be used to measure five year housing land supply if it has been reviewed and found not to require updating within the last five years.

Has Policy 4 of the Core Strategy been reviewed?

- 7.9 In this case, policy 4 was reviewed less than five years ago in 2017. To inform the review, the three Central Lancashire Councils appointed consultants GL Hearn to prepare a Strategic Housing Market Assessment (SHMA). A report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 27th June 2016 explained why it was necessary to instruct consultants to prepare a new SHMA³⁰. It stated at paragraph 7:

"The three Central Lancashire authorities have up to date and National Framework compliant development plans consisting of the Joint Central Lancashire Core Strategy, adopted July 2012, and the three respective site allocations plans, adopted by the respective authorities on varying dates but all in July 2015. The Core Strategy is, therefore, reaching the point where, government guidance suggests that there should be some review as to whether policies need updating." (my emphasis).

³⁰ Appendix **BP4**

7.10 The report also stated at paragraph 13:

“For the reasons set out above this work is necessary and timely. In particular, taking into account the fifth anniversary of the adoption of the Central Lancashire Core Strategy in 2017, the revocation of RSS on which the Core Strategy figures are based and the latest population and household projection figures all point to the need to review this part of the local plan evidence base.”
(my emphasis).

7.11 The SHMA was therefore commissioned as part of a review of Policy 4 to see whether it needed updating within the context of the latest assessment of housing needs. Before the final SHMA was published, a report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 2nd March 2017 explained that across the Central Lancashire Housing Market Area there is not a significant difference between the current plan requirement of 1,341 and the full objectively assessed need (FOAN) figure of 1,313³¹. Paragraph 20 of the report states:

“the FOAN for Central Lancashire is only marginally lower (2%) than the housing requirement figure set out in the Core Strategy. It is, therefore, recommended that the Core Strategy requirements should be retained rather than proceed to a partial review of the Core Strategy at this time.”

7.12 The final version of the SHMA was published in September 2017³² and concluded that the objectively assessed housing need (OAN) for Central Lancashire is 1,184 dwellings per annum over the period 2014 to 2034. At a local authority basis, the OAN was expressed as a range:

- Chorley: 419 to 519 dwellings per annum;
- Preston: 225 to 402 dwellings per annum; and
- South Ribble: 351 to 440 dwellings per annum.

7.13 Following the preparation of the SHMA, the three Councils concluded that the housing requirement did not need updating. This position is set out in the minutes of a meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on Tuesday 5th September 2017³³. The minutes state that a verbal update on the SHMA was given at the meeting, which explained that the total housing need figure across the HMA was 1,184 dwellings. The minutes explain that as the housing requirement figure of 1,341 dwellings “clearly exceeds by some

³¹ Appendix **BP5**

³² Core document **A10**

³³ Appendix **BP6**

margin” the OAN, a memorandum of understanding retaining the plan requirement figures would ensure that the OAN is met across the HMA. The resolution of the committee was as follows:

“Members of the Committee from all three authorities agreed to recommend to their authorities that the figures within the Core Strategy be retained and to enter into a Memorandum of Understanding between the three local authorities, to be approved by the 30th September 2017 which commits to the retention of the housing requirements in each authority across the housing market area, in order to meet the objectively assessed need for the HMA.

- 7.14 Following this, a joint Memorandum of Understanding and Statement of Co-operation relating to the provision of housing land was signed in October 2017³⁴. The MOU confirms that the Councils agree to continue to use the housing requirements in Policy 4 of the Core Strategy until the adoption of the new Local Plan.
- 7.15 It is relevant to note that the Government's consultation on the draft standard method for calculating local housing need (“Planning for the right homes in the right places: consultation proposals”) opened on 14th September 2017 (i.e. before the MOU was finalised and signed). The Government's draft local housing need figures for Central Lancashire over the period 2016 to 2026 was 1,087 dwellings per annum (225 dwellings per annum for Preston, 228 dwellings for South Ribble and 634 dwellings per annum for Chorley).

Does the Council accept that Policy 4 has been reviewed?

- 7.16 The Council accepts that Policy 4 was reviewed in 2017. This is evidenced as follows.
- 7.17 Firstly, the previous HLPS explained that policy 4 had been reviewed and found not to require updating through the Strategic Housing Market Assessment (SHMA) and first Memorandum of Understanding (MOU) which took place in 2017. Paragraphs 1.8 and 1.9 of the previous HLPS (base date 31st March 2019, published 19th June 2019³⁵) state:

“In February 2019 the Government published a revised National Planning Policy Framework. The revised National Planning Policy Framework requires Local Planning Authorities to assess the minimum number of homes needed through a local housing need assessment conducted using a standard methodology. Furthermore, the revised National Planning Policy Framework states that where strategic housing requirement policies are more than five years old, the five

³⁴ Core document **A14**

³⁵ Core document **A9**

year supply of deliverable housing ought to be assessed against the local housing need assessment.

Whilst the housing requirement policy (Policy 4) is now almost seven years old, Preston are still using this requirement rather than the local housing need figure due to a 'review' of this policy which took place in 2017. At this time, following the publication of the new Central Lancashire Strategic Housing Market Assessment, Preston entered into a Memorandum of Understanding with its neighbours South Ribble and Chorley Council's endorsing the requirements set out in Policy 4. This decision was taken to ensure the three authorities continued to meet their own respective Objectively Assessed Needs, but also to meet the aspirations of the Preston, South Ribble and Lancashire City Deal and Government's aspirations to increase the supply of housing."

7.18 Notably, in continuing to assess the five year housing land supply against the adopted housing requirement (plus backlog and a buffer), the Council accepted that it could not demonstrate a five year housing land supply. This is because the adopted housing requirement plus backlog is higher than the local housing need using the standard method. Had the Council measured its five year housing land supply against the local housing need at that time it would have been able to demonstrate a five year housing land supply. However, as the previous HLPs explains, this decision was taken so that the OAN could be met as well as the aspirations of the City Deal and the Government's aspirations to increase the supply of housing.

7.19 Secondly, the Council's statement of case acknowledges that Policy 4 was reviewed in 2017. Paragraph 7.6 of the statement of case states:

"Whilst MOU1 pre-dates the first iteration of the revised Framework, in July 2018, the Council acknowledge that the process the Central Lancashire authorities undertook in entering into MOU1 could be considered a 'review' of CS Policy 4, as described in Paragraph 73 and footnote 37 of the Framework".

7.20 Paragraph 7.8 of the Council's statement of case also explains that Policy 4 was: "subject to a 'review' in October 2017".

7.21 Thirdly, it is common ground as set out in paragraphs 2.3 to 2.5 of the Statement of Common Ground on Housing Land Supply.

7.22 Fourthly, as I have stated above, the Central Lancashire Core Strategy was already more than five years old when the 2018 Framework was published. The standard method for assessing local housing need was first published in the Planning Practice Guidance (PPG) on 13th September 2018. However, between September 2018 and January 2020 – long after the revised Framework

and updated guidance had been published – the Council continued to assess its five year housing land supply against the adopted housing requirement and not the local housing need on the basis that the adopted housing requirement had been reviewed and found not to require updating. This meant that a five year housing land supply could not be demonstrated. Within this period, planning applications for residential development were approved and / or presented to Planning Committee on the basis that a five year housing land supply could not be demonstrated and the tilted balance to the presumption in favour of sustainable development should be applied³⁶.

7.23 Whilst the review of Policy 4 took place before the July 2018 Framework was published and the standard method for calculating local housing need was introduced, footnote 37 of the Framework is clear that where the housing requirement has been reviewed and found not to require updating, it should continue to be used to measure the five year housing land supply against. This part of footnote 37 was introduced in the July 2018 Framework without any transitional arrangements. Therefore, from the day the 2018 Framework was first published, even if the strategic policy was over five years old, as long as it had been reviewed and found not to require updating then the housing requirement within it should continue to be used for five year housing land supply purposes. There is no distinction in the Framework between reviews undertaken before or after the publication of the 2018 Framework.

7.24 The position is further clarified in the PPG. Paragraph 68-005 of the PPG³⁷ is within the section entitled: “Housing supply and delivery” and is therefore relevant to how the five year housing land supply should be calculated. It states:

“Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5 year land supply figure where:

- *the plan was adopted in the last 5 years, or*
- *the strategic housing policies have been reviewed within the last 5 years and found not to need updating. (my emphasis).*

³⁶ Appendix **BP2**

³⁷ Paragraph: 005 Reference ID: 68-005-20190722: “What housing requirement figure should authorities use when calculating their 5 year housing land supply?”

7.25 Paragraph 68-005 was last updated on 22nd July 2019. The previous version contained within paragraph 3-030³⁸ was published the same day as the PPG provided the standard method for calculating local housing need in September 2018. It contained similar wording to paragraph 68-005 and stated:

“Housing requirement figures identified in strategic policies should be used as the starting point for calculating the 5 year land supply figure:

for the first 5 years of the plan, and

where the strategic housing policies plans are more than 5 years old, but have been reviewed and are found not to need updating.” (my emphasis)

7.26 As the housing requirement has been reviewed within the last five years and found not to need updating, national planning policy contained within footnote 37 and guidance contained within paragraph 68-005 of the PPG is clear that the five year housing land supply should be measured against it.

The Council's latest position

7.27 The Council changed its position in December 2019. This was because the appeal decision in relation to Chainhouse Lane, Whitestake (South Ribble) was published on 13th December 2019. In dismissing the appeal, the Inspector concluded that the 2017 MOU and SHMA leading up to it did not “properly constitute a review”. Preston Council's changed position is set out in the committee report for the appeal application³⁹:

“On 13th December 2019 the Planning Inspectorate issued its decision in relation to an outline planning application for up to 100no. dwellings at ‘Land to the South of Chain House Lane, Whitestake, Preston’ (Appeal Ref: APP/F2360/W/19/3234070) within the administrative area of South Ribble. The Inspector dismissed the appeal, and, in doing so, undertook a comprehensive analysis of the housing land supply position in South Ribble.

Given the nature of the joint strategic plan-making arrangement within Central Lancashire, the Inspector undertook this analysis mindful of the fact that the conclusions drawn ‘may have consequences for decision making by neighbouring authorities’ - Preston being one of them.

At paragraph 37 of the decision the Inspector indicates “having regard to paragraphs 33, 73 (and footnote 37) and 212-213 of the Framework, as well as

³⁸ Paragraph: 030 Reference ID: 3-030-20180913: “How can an authority demonstrate a 5 year supply of deliverable housing sites?”

³⁹ Core document **D3**

paragraph 062 (Reference ID: 61-062-20190315) of Planning Practice Guidance, the housing requirement contained within Core Strategy Policy 4 is out of date on several counts, as follows;

- i. The policy is over five years old.*
- ii. The 2017 Memorandum of Understanding (and the Strategic Housing Market Assessment leading up to it) did not properly constitute a review of Policy 4.*
- iii. The significant change resulting from the introduction of the standard method in the 2018 Framework.*

The Inspector goes on to conclude, at paragraph 37 of the appeal decision, that the standard method of calculating local housing need should be used for the purposes of the appeal.

7.28 The Chainhouse Lane appeal decision was challenged by the Appellant. The first ground of challenge was that the Inspector had made an error in concluding that the MOU and the SHMA leading up to it did not properly constitute a review. The judgment was issued on 21st August 2020. The challenge was successful and the appeal decision was quashed. The first ground of challenge was successful as the judge did not find the Inspector's reasons for concluding that the 2017 MoU and SHMA was not a review were legally adequate⁴⁰.

7.29 Paragraph 7.7 of the Council's statement of case states:

"Following publication of the revised Framework a very significant change in circumstance has taken place with respect to the way local housing need is calculated. The introduction of the standard methodology represents a fundamentally different approach, and one which cannot be ignored"

7.30 It is of note that the revised Framework was first published in July 2018. The PPG was updated in September 2018. Regardless as to the "significant change in circumstance", the Council has known how local housing need has been calculated since that time and yet continued to calculate its five year housing land supply against the adopted housing requirement until January 2020. Further, as I have explained above, footnote 37 of the Framework and 68-005 of the PPG are clear that if a review of the housing requirement has taken place, the five year housing land supply should be measured against the adopted housing requirement. Therefore, the fact that the revised Framework introduced a standard method for calculating local housing need is not

⁴⁰ Core document **G1**

a reason to depart from using the adopted housing requirement if it has been reviewed and found not to require updating within the last five years as is the case in Preston.

7.31 Paragraph 7.8 of the Council's statement of case then states:

"The Council asserts that CS Policy 4 is out-of-date, regardless of having been subject to a 'review' in October 2017. The housing requirement contained in CS Policy 4 is founded in the evidence base which underpinned the, now defunct, North West Regional Spatial Strategy. This evidence dates back to a baseline of 2003, some 17 years ago"

7.32 It is of note that the Council again accepts in its statement of case that Policy 4 has been reviewed in October 2017. This is relevant because the Council's Statement of Case postdates the Chainhouse Lane appeal decision and judgment. Whilst the housing requirement set out in Policy 4 of the Core Strategy reflected that set out in the RSS, it has of course been reviewed more recently than 2003 as the review described above took place in October 2017 (less than 3.5 years ago). This is entirely acceptable within the context of footnote 37 of the Framework and the guidance set out in paragraph 68-005 of the PPG.

7.33 Paragraph 7.9 of the Council's statement of case then states that the Central Lancashire authorities undertook a review of MOU1, to *"fully account for the implications of the introduction of the standard methodology"*. It states that the Central Lancashire Housing Study was commissioned to assess whether:

a) the standard method was the correct starting point for determining local housing need in Central Lancashire; and

b) what the most sustainable distribution of the aggregate local housing need across Central Lancashire would be.

7.34 In terms of the Central Lancashire Housing Study, at a meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 29th January 2019, an update report was presented to members on the Central Lancashire Local Plan Review⁴¹. Paragraph 16 explained that:

*"a specification needs to be commissioned for a **brief** housing study update which will meet the requirements of the new NPPF and in particular, look at:*

⁴¹ Appendix **BP7**

- Specialist housing need (including numbers for new plan)
- More detailed work on the affordable need including specifying the type and tenure required in each area.
- Provide the evidence to support the redistribution of housing need across Central Lancashire" (my emphasis)

7.35 At the next meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 4th June 2019, a further update on the Central Lancashire Local Plan Review was provided⁴². It explained that IcenI had been appointed as consultants to undertake "an additional housing study which will provide the necessary housing need analysis required by the new NPPF which requires councils to be able to demonstrate taking account of the needs of groups with specific housing requirements are addressed" (my emphasis).

7.36 Paragraph 12 of this report then states:

"This piece of work will also provide robust evidence for an appropriate distribution of housing across the three local authorities. A draft report is expected in the Summer and will be presented to JAC thereafter, informing the review of the existing Memorandum of Understanding (MOU) between the three councils and the future policy for housing distribution"

7.37 At the next meeting of the Joint Advisory Committee on 3rd September 2019, the update on the Local Plan Review⁴³ stated:

"9. IcenI Projects Consultancy have been commissioned to undertake an additional housing study which will provide the necessary housing need analysis required by the new NPPF and will also provide robust evidence for an appropriate distribution of housing across the three local authorities.

10. IcenI have produced an interim paper for internal use only which will form the basis of a workshop meeting with the consultants plus the relevant directors and Planning Policy Managers from the three councils.

11. Members are engaged in discussions regarding housing distribution and this work therefore is evolving".

⁴² Appendix **BP8**

⁴³ Appendix **BP9**

7.38 At the meeting on 28th October 2019, an update on the Central Lancashire Housing Study and revised MOU was presented but this item was private and confidential. However, a report to South Ribble's Cabinet meeting on 13th November 2019⁴⁴ explained:

"All three authorities have considered the above standard method approach through the Central Lancashire Joint Advisory Committee. All three authorities are concerned that the standard method does not truly reflect their needs moving forward." (my emphasis)

7.39 In November 2019, the Central Lancashire Authorities then consulted on a draft revised Memorandum of Understanding and Statement of Co-operation. The draft Central Lancashire Housing Study by Icenl accompanied the consultation document.

7.40 The final Central Lancashire Housing Study was published in March 2020. Unlike the SHMA, the Housing Study does not provide an assessment of housing need. This is surprising because it forms part of the evidence base for the new Local Plan. It simply uses the standard method for calculating local housing need set out in the PPG.

7.41 The Housing Study states that the considerations set out in paragraph 2a-010 of the PPG⁴⁵ are for plan-making. This paragraph of the PPG states:

"The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*

⁴⁴ Appendix **BP10**

⁴⁵ Paragraph: 010 Reference ID: 2a-010-20201216: "When might it be appropriate to plan for a higher housing need figure than the standard method indicates?"

- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities are encouraged to make as much use as possible of previously-developed or brownfield land, and therefore cities and urban centres, not only those subject to the cities and urban centres uplift may strive to plan for more home. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests."

7.42 Given the contents of this part of the PPG, it is surprising that the Central Lancashire Housing Study makes no recommendation that a higher level of need than the standard method suggests should be made in Preston because of:

- The funding being in place to promote and facilitate additional growth in Preston (i.e. City Deal);
- The strategic infrastructure improvements in place through the City Deal that are likely to drive an increase in the homes needed locally; and
- The SHMA concluding that the OAN in Preston (of 402 dwellings per annum) is significantly greater than the outcome from the standard method (of 250 dwellings per annum).

7.43 I accept that the Housing Study could not have considered the final two sentences of this paragraph of the PPG because they were added in December 2020 – after the Housing Study had been published.

7.44 The Housing Study does however conclude that the annual net need for affordable rent in Preston is 250 per annum. The need for affordable rent in Preston alone is the same as the local housing need using the standard method. However, the Housing Study makes no recommendation that the housing requirement figure should be higher than the standard method to meet this need as set out in section 67 of the PPG⁴⁶.

7.45 The Council's statement of case states that following the Central Lancashire Housing Study, the Central Lancashire authorities entered into a second MOU, signed in April 2020 and at this point

⁴⁶ Section 67: "Addressing the need for different types of housing"

the first MOU was superseded and became redundant. However, as of 4th November 2020 the Council has since withdrawn from the second MOU with immediate effect⁴⁷. It is surprising that the report for this meeting is not publicly available, but the minutes are and set out that the reason for withdrawing from the MOU was because in a decision regarding an appeal made by Gladman Developments Ltd against the decision of Chorley Council to refuse outline planning permission for up to 180 no. dwellings at land at Pear Tree Lane, Euxton, Chorley⁴⁸, the Inspector concluded that Chorley Council could not re-distribute the local housing need through the second MOU.

7.46 Notably, the process of preparing the Central Lancashire Housing Study and entering into a revised MOU was not a review of Policy 4. It did not assess housing need as the SHMA did and was simply an attempt to redistribute the local housing need using the standard method between the three authorities. That is clear when considering the reasons why the Housing Study was commissioned as I have set out above. The SHMA has not been superseded or replaced and forms part of the evidence base to the new Local Plan. Furthermore, the Central Lancashire Housing Study and revised MOU does not alter the fact that the process in 2017 amounted to a review for the purposes of calculating five year housing land supply in Preston.

7.47 I note that the Council's statement of case does not explain why the reasons the Council concluded in 2017 that the adopted housing requirement should be retained are apparently no longer relevant i.e.:

- a. The Council would continue to meet its OAN (of 402 dwellings per annum);
- b. It would meet the aspirations of the Preston, South Ribble and Lancashire City Deal; and
- c. It would meet the Government's aspirations to increase the supply of housing.

7.48 All three of these reasons are still relevant. Indeed, as shown in table 4.2 of my proof of evidence above, housing completions since the 2017 review took place have been well above even the adopted housing requirement of 507 dwellings per annum, which demonstrates that there is demand for new homes in Preston if land has been made available. This fully conforms with the

⁴⁷ Appendix **BP3**

⁴⁸ Appendix **F1**

aspirations set out in the City Deal and the Government's aspirations to increase the supply of housing.

- 7.49 The Council's statement of case does not explain why there should be a departure from national planning policy set out within footnote 37 of the Framework and supported by the guidance as set out in paragraph 68-005 of the PPG. Therefore, because the review of policy 4 took place within the last five years, the five year housing land supply should be measured against the adopted housing requirement.

8. Stage 3: Identifying the past shortfall

8.1 The third part of paragraph 68-031 of the PPG⁴⁹ states:

“The level of deficit or shortfall will need to be calculated from the base date of the adopted plan and should be added to the plan requirements for the next 5 year period (the Sedgefield approach), then the appropriate buffer should be applied. If a strategic policy-making authority wishes to deal with past under delivery over a longer period, then a case may be made as part of the plan-making and examination process rather than on a case by case basis on appeal.”

8.2 The base date of the adopted plan is 1st April 2010. However, as policy 4 of the Core Strategy explains, the backlog since 1st April 2003 should be taken into account. Against the housing requirement since the start of the plan there has been an accumulated shortfall of 910 dwellings as set out in table 4.2 of my proof of evidence above.

8.3 The past shortfall is significant and represents almost two years' worth of housing need against the annual average requirement (i.e. $910 / 507 = 1.79$ years).

⁴⁹ Paragraph: 031 Reference ID: 68-031-20190722: “How can past shortfalls in housing completions against planned requirements be addressed?”

9. Stage 4: Identifying the method for addressing the shortfall

- 9.1 The previous HLPS accepted that the shortfall against the adopted housing requirement should be addressed within the five year period.
- 9.2 The Framework does not specifically state how the backlog should be addressed; however it does set out the Government's objective of "significantly boosting the supply of homes" (paragraph 59). Addressing the backlog as soon as possible would be consistent with this paragraph.
- 9.3 Paragraph 68-031 of the PPG⁵⁰ states:

"Where shortfalls in housing completions have been identified against planned requirements, strategic policy-making authorities may consider what factors might have led to this and whether there are any measures that the authority can take, either alone or jointly with other authorities, which may counter the trend. Where the standard method for assessing local housing need is used as the starting point in forming the planned requirement for housing, Step 2 of the standard method factors in past under-delivery as part of the affordability ratio, so there is no requirement to specifically address under-delivery separately when establishing the minimum annual local housing need figure. Under-delivery may need to be considered where the plan being prepared is part way through its proposed plan period, and delivery falls below the housing requirement level set out in the emerging relevant strategic policies for housing.

Where relevant, strategic policy-makers will need to consider the recommendations from the local authority's action plan prepared as a result of past under-delivery, as confirmed by the Housing Delivery Test.

The level of deficit or shortfall will need to be calculated from the base date of the adopted plan and should be added to the plan requirements for the next 5 year period (the Sedgfield approach), then the appropriate buffer should be applied. If a strategic policy-making authority wishes to deal with past under delivery over a longer period, then a case may be made as part of the plan-making and examination process rather than on a case by case basis on appeal.

Where strategic policy-making authorities are unable to address past shortfalls over a 5 year period due to their scale, they may need to reconsider their approach to bringing land forward and the assumptions which they make. For example, by considering developers' past performance on delivery; reducing the length of time a permission is valid; re-prioritising reserve sites which are 'ready to go'; delivering development directly or through arms' length

⁵⁰ Paragraph: 031 Reference ID: 68-031-20190722: "How can past shortfalls in housing completions against planned requirements be addressed?"

organisations; or sub-dividing major sites where appropriate, and where it can be demonstrated that this would not be detrimental to the quality or deliverability of a scheme." (our emphasis)

- 9.4 Therefore, the guidance is clear that the past shortfall should be addressed within the five year period. I agree that the 'Sedgefield' method should be applied.

10. Stage 5: Applying the appropriate buffer

10.1 Paragraph 73 of the Framework states:

“The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan period) of:

- *5% to ensure choice and competition in the market for land; or*
- *10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or*
- *20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply.”*

10.2 Footnote 39 of the Framework explains that from November 2018 “significant under delivery” of housing will be measured against the Housing Delivery Test, where this indicates that delivery was below 85% of the housing requirement.

10.3 As set out in section 4 of my proof of evidence above, the Housing Delivery Test was above 85% and therefore a 5% buffer is applicable to calculations of housing land supply in Preston. Consequently, the housing requirement plus buffer is 3,617 dwellings as summarised in the following table:

Table 10.1 – Five Year Housing Requirement plus Buffer

	Requirement	
A	Annual requirement	507
B	Past shortfall at 30 th September 2020	910
C	Amount of past shortfall to be addressed in the five year period	910
D	Total five year requirement (A X 5 + C)	3,445
E	Requirement plus 5% buffer (D + 5%)	3,617
F	Annual requirement plus buffer (E / 5 years)	723

11. Stage 6: Identifying a Realistic and Deliverable Supply

11.1 The HLPS states that the Council has a deliverable supply at 1st October 2020 of 3,581 dwellings.

What constitutes a deliverable site?

National Planning Policy and Guidance

11.2 The definition of “deliverable” is set out on page 66 of the Framework states:

“Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).

b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.”

11.3 The PPG was most recently updated on 22nd July 2019. Paragraph 68-007 of the PPG⁵¹ provides some examples of the types of evidence, which could be provided to support the inclusion of sites with outline planning permission for major development and allocated sites without planning permission. It states:

“In order to demonstrate 5 years’ worth of deliverable housing sites, robust, up to date evidence needs to be available to support the preparation of strategic policies and planning decisions. Annex 2 of the National Planning Policy Framework defines a deliverable site. As well as sites which are considered to be deliverable in principle, this definition also sets out the sites which would require further evidence to be considered deliverable, namely those which:

- *have outline planning permission for major development;*

⁵¹ Paragraph 007 Reference ID: 68-007-20190722: “What constitutes a ‘deliverable’ housing site in the context of plan-making and decision-taking?”

- are allocated in a development plan;
- have a grant of permission in principle; or
- are identified on a brownfield register.

Such evidence, to demonstrate deliverability, may include:

- current planning status – for example, on larger scale sites with outline or hybrid permission how much progress has been made towards approving reserved matters, or whether these link to a planning performance agreement that sets out the timescale for approval of reserved matters applications and discharge of conditions;
- firm progress being made towards the submission of an application – for example, a written agreement between the local planning authority and the site developer(s) which confirms the developers' delivery intentions and anticipated start and build-out rates;
- firm progress with site assessment work; or
- clear relevant information about site viability, ownership constraints or infrastructure provision, such as successful participation in bids for large-scale infrastructure funding or other similar projects.

Plan-makers can use the Housing and Economic Land Availability Assessment in demonstrating the deliverability of sites."

11.4 The Council has not included any sites which fall within category b) of the definition of deliverable. I agree with this approach because the Council has not provided any clear evidence for the inclusion of these sites as required by the Framework and discussed in paragraph 68-007 of the PPG.

The Impact of Covid-19 on Build Rates

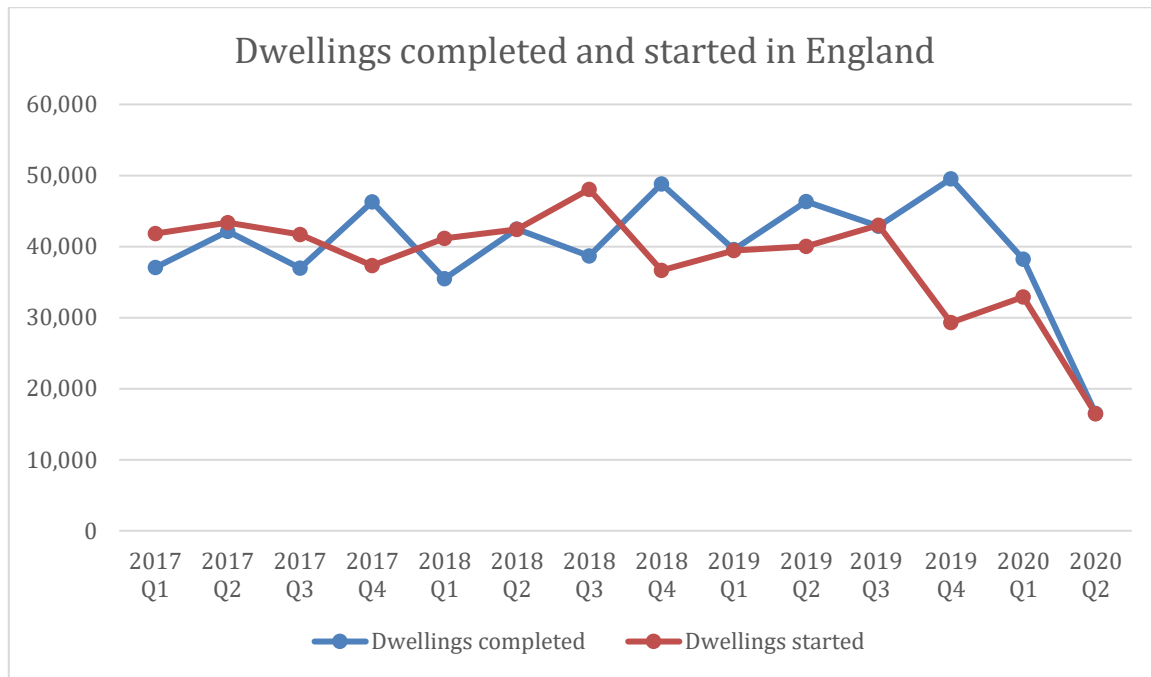
11.5 The Council applies a 5% deduction to the supply:

"To take into account uncertainty as to the impact of covid-19 on post October 2020 build out rates we have allowed for a 5% covid-19 reduction on all sites within the potential 5 year supply to allow for any further potential impact on build out rates.

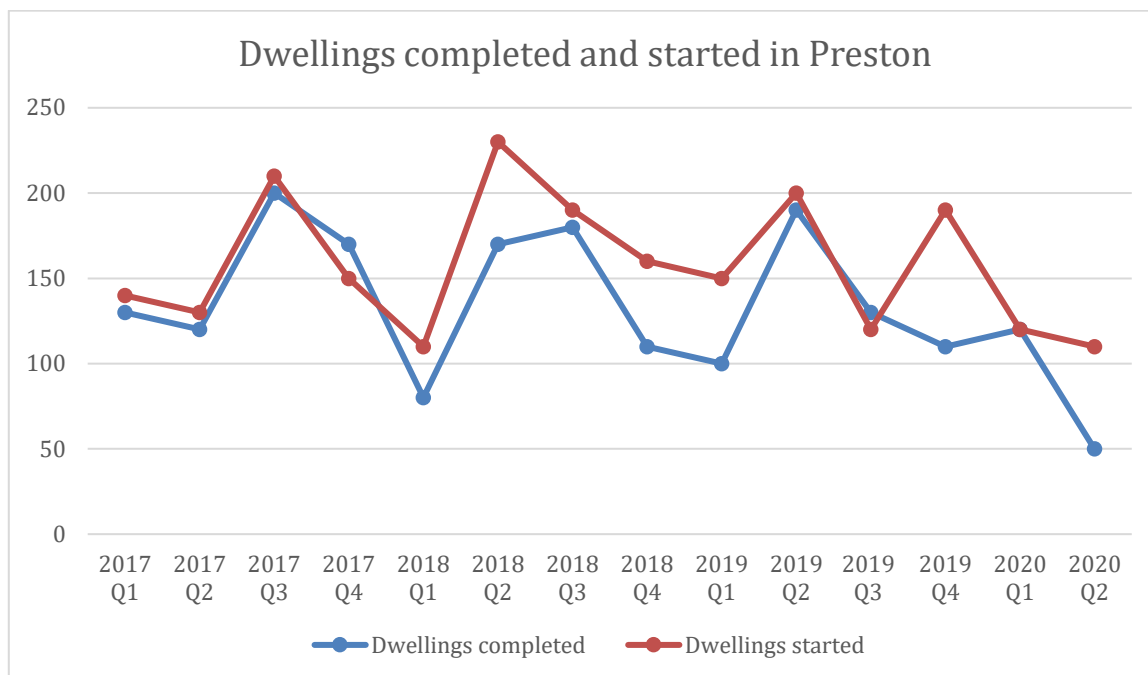
11.6 The Covid-19 pandemic in the UK will have an impact in terms of housing land supply as build rates will be lower than those predicted before the pandemic. This is because following the Prime Minister's announcement of the 'lockdown' in the UK on 23rd March 2020 construction on many sites ceased. Construction did not re-commence on those sites which had closed until late April

/ May 2020. Therefore, there was between 1 and 2 months when work was not being undertaken on many housing sites. Even though construction has now resumed on many sites, build rates will still be reduced due to social distancing on site and the supply of trade and materials.

11.7 The data available indicates that build rates in 2020/21 will be lower than those which could have reasonably been expected before the pandemic. Live table 253a records permanent dwellings started and completed by tenure and district on a quarterly basis. It was last updated in September 2020 to provide the data for the second quarter in 2020 (i.e. March to June 2020). According to this table there were 16,520 dwellings completed and 16,460 dwellings started in England in the second quarter of 2020. These figures are significantly lower than the 46,330 dwellings completed and 40,010 dwellings started in the second quarter of 2019. This is shown in the following chart:



11.8 The same table reveals that only 50 dwellings were completed and 110 dwellings were started in Preston in the second quarter of 2020. Again, these figures are lower than those dwellings recorded as being completed and started over the last 3 years. This is shown in the following chart:



11.9 I therefore agree that at least a 5% reduction should be applied to the Council's supply.

11.10 The Council accepts that if the five year housing land supply should be measured against the adopted housing requirement it cannot demonstrate a five year housing land supply, the tilted balance set out in paragraph 11d of the Framework will apply and it will no longer resist the appeal⁵². For the reasons set out above, I conclude the housing land supply should be measured against the adopted housing requirement plus backlog and a 5% buffer and that a five year housing land supply cannot be demonstrated even on the Council's supply figure. I have not assessed the supply any further on this basis. The position is set out in the following table:

Table 11.1 – Preston's five year housing land supply at 1st October 2020

	Requirement	
A	Annual requirement	507
B	Past shortfall at 30 th September 2020	910
C	Amount of past shortfall to be addressed in the five year period	910
D	Total five year requirement (A X 5 + C)	3,445
E	Requirement plus 5% buffer (D + 5%)	3,617
F	Annual requirement plus buffer (E / 5 years)	723
	Supply	
G	Five year supply 1 st April 2019 to 31 st March 2024	3,581
H	Years supply (G / F)	4.95

⁵² Please refer to paragraph 3.1 of the Statement of Common Ground on Housing Land Supply

12. South Ribble, Preston and Lancashire City Deal

- 12.1 The South Ribble, Preston and Lancashire City Deal is referred to in the previous HLPs as one of the reasons why the Council decided to continue to measure its housing land supply against the adopted housing requirement even after the 2018 and 2019 Frameworks were published. It is discussed in paragraphs 1.19 to 1.21 on page 11 of the Preston Local Plan and is relevant in terms of the number of homes Preston has agreed with the Government that it is going to deliver.
- 12.2 The City Deal was signed in September 2013. It is an agreement between the Government and four local partners; Lancashire County Council, Lancashire Enterprise Partnership, Preston City Council and South Ribble Borough Council. A total of £434m new investment will lead to the expansion and improvement of the transport infrastructure in Preston and South Ribble at an unprecedented rate, enabling a forecast 20,000 new jobs and 17,420 new homes to be created over a 10 year period⁵³.
- 12.3 Between 2014 and 2020, it was agreed that 7,726 dwellings would have been delivered within the City Deal area. However, less than 6,368 dwellings were delivered. Therefore, completions are already 1,358 dwellings behind the number of homes the authorities had agreed to deliver as shown in the following table:

Table 12.1 – Delivery against City Deal agreement

Year	Number of homes to be delivered in the City Deal area	South Ribble	Preston	Total delivered in City Deal area	Progress against City Deal agreement
2014/15	338	486	488	974	636
2015/16	868	371	282	653	-215
2016/17	1,391	189	791	980	-411
2017/18	1,579	318	634	952	-627
2018/19	1,891	491	785	1,276	-617
2019/20	1,659	412	1,121 ⁵⁴	1,533	-126
	7,726	2,267	4,101	6,368	-1,358

⁵³ Core Document **A15**

⁵⁴ The completions in Preston relate to 1st April 2019 to 30th September 2020

12.4 Over the next four years, Preston and South Ribble are committed to ensuring the delivery of 9,640 new homes as set out below:

- 2020/21 = 2,814 dwellings
- 2021/22 = 2,814 dwellings
- 2022/23 = 2,441 dwellings
- 2023/24 = 1,571 dwellings

12.5 However, Preston's deliverable housing land supply over the period 1st October 2020 to 30th September 2025 is only 3,581 dwellings and South Ribble's deliverable housing land supply over the period 1st April 2020 to 31st March 2025 is only 2,664 dwellings. This means that only 6,245 dwellings have been identified and combined with the completions above would mean 12,613 dwellings would be delivered by 2025 i.e. a year after the term of the City Deal. The shortfall against the City Deal is therefore at least 4,787 dwellings. The commitment to deliver 17,400 homes by 1st April 2024 is clearly not going to be met unless additional housing sites come forward and are delivered.

12.6 Paragraph 3.36 of the Central Lancashire Housing Study explains that a review of the City Deal has been undertaken and it will be necessary to extend the City Deal period and / or consider further how infrastructure funding gaps can be addressed. It states that the outcome of the City Deal mid-term review should be considered through the new Local Plan in due course. The mid-term review has not been concluded and therefore, it is not known whether the Government will agree to extend the City Deal period or not.

12.7 Paragraph 3.37 of the Central Lancashire Housing Study explains that the City Deal is not *"embodied in policy, identified in the NPPF or Guidance as a consideration in assessing five year housing land supply in advance of the Local Plan adoption, and is currently undergoing a mid-term review which raises some uncertainty over its continuation"*. However, the Housing Study does not explain why the Council considered that the City Deal was a reason to continue to use the adopted housing requirement for measuring its five year housing land supply long after the 2018 and 2019 Frameworks were published. It also does not make any conclusions about what the housing requirement in the emerging Local Plan should be considering the City Deal. This

would be in accordance with paragraph 2a-010 of the PPG⁵⁵, which explains that the standard method is a minimum starting point in determining the number of homes needed in an area. There are circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates, including where there are growth strategies in place for the area, such as City Deal.

12.8 In summary, as set out in the Preston Local Plan, the Council is committed to delivering many more new homes than even the adopted housing requirement set out in the Core Strategy requires. Within this context, it is surprising that Preston Council now considers that its five year housing land supply should be measured against a figure of just 250 homes per year and wishes to depart from its previous position that the five year housing land supply should be measured against the adopted housing requirement to help meet the aspirations of the City Deal.

⁵⁵ Paragraph: 010 Reference ID: 2a-010-20201216: *“When might it be appropriate to plan for a higher housing need figure than the standard method indicates?”*

13. Affordable housing supply

13.1 Strategic Objective 8 of the Core Strategy is to “significantly increase the supply of affordable and special needs housing particularly in places of greatest need such as more rural areas”.

Affordable housing need

13.2 The Council's latest position as set out in officer reports to Planning Committee is that there is no accurate and up to date information on affordable housing need in Preston. However, because the Council uses the standard method for calculating local housing need and that takes account of affordability, it claims that as affordable housing need is included within the local housing need figure it is being met by the supply.

13.3 Paragraph 2a-004 of the PPG⁵⁶ explains how local housing need is currently calculated. There are four steps. The first step calculates the average annual household growth over a 10 year period using the 2014-based household projections. The second step then makes an adjustment to take account of affordability. The third step provides a cap of 40% above the projected household growth in step one. The fourth step is to provide a 35% uplift to those urban local authorities in the top 20 cities and urban centres list. This last step does not apply to Preston, which currently falls outside of the top 20 cities and urban centres. The standard method currently results in a local housing need figure of 250 dwellings per annum in Preston as set out in the following table:

Table 13.1 – Local housing need using the current standard method

	Step 1	Step 2	Step 3	Step 4	
	Projected annual average household growth 2020-30	Adjustment factor	Should the 40% cap be applied?	Does the cities and urban centres uplift apply?	Local housing need
Preston	230.9	1.08	No	No	250.38

⁵⁶ Paragraph: 004 Reference ID: 2a-004-20201216: “What is the standard method for assessing local housing need?”

- 13.4 As can be seen from the above table, the difference between the local housing need and the projected annual average household growth is 19 dwellings. The Council's approach therefore considers this to be its affordable housing need. This is surprising given that the Council's own evidence demonstrates that affordable housing need is much greater than 19 dwellings per annum.
- 13.5 The 2017 SHMA identifies a net need of 239 affordable homes in Preston per annum over the period 2014 to 2034. This is notably greater than the projected annual average household growth and almost as much as the total local housing need using the standard method.
- 13.6 The Central Lancashire Housing Study (March 2020) includes an updated assessment of affordable housing need which responds to the widened definition of affordable housing set out in the 2019 Framework. It concludes that the need for rented affordable housing in Preston alone is 250 homes per annum over the period 2018 to 2036. This is as high as the total local housing need using the standard method. However, the Housing Study also concludes that there is not a substantive need for affordable home ownership homes. It states:

“Given the clear and acute need for affordable rented housing, the Councils should look to seek as much rented affordable products as possible”.

- 13.7 It is therefore surprising that the Council considers that there is no accurate or up to date information on affordable housing need in Preston.

Affordable Housing Completions

- 13.8 Using the data available in the Council's HLPs documents, the following table shows affordable housing completions in Preston over the plan period to date.

Table 13.2 – Affordable housing completions in Preston 2003-20

Year	All Housing Completions (net)	Affordable housing completions (gross)
2003/04	308	No data
2004/05	544	58
2005/06	627	0
2006/07	565	33
2007/08	609	35
2008/09	468	45
2009/10	5	15
2010/11	127	0
2011/12	265	38
2012/13	202	66
2013/14	142	35
2014/15	488	16
2015/16	282	178
2016/17	791	137
2017/18	634	197
2018/19	785	213
2019/20 and 01/04/20 – 30/09/20	1,121	186
Total	7,963	1,252

13.9 As can be seen from the above table, whilst affordable housing completions have increased since 2015, they have been below the net need identified in the SHMA and more recent Central Housing Study. Despite 1,121 housing completions in the 18-month period from 1st April 2019 to 30th September 2020, only 186 (16.5%) were affordable.

Affordable housing supply 1st October 2020

13.10 The Council's deliverable supply over the five year period is 3,581 dwellings. Of these, only 916 (25.5%) are affordable as I set out in appendix **BP11**. Therefore, the affordable housing need identified in the SHMA and the Central Lancashire Housing Study will not be met by the existing housing land supply.

14. Conclusions

- 14.1 My proof of evidence concludes that the five year housing land supply should be measured against the adopted housing requirement set out in policy 4, plus backlog and a 5% buffer. This means that the Council cannot demonstrate a deliverable five year housing land supply. The implications of this are addressed by Mr Harris.
- 14.2 I also conclude that the Council will not deliver the number of homes it has agreed it will deliver with the Government through the City Deal without additional housing sites. Finally I conclude that the Council's deliverable housing land supply will not meet the identified affordable housing need. The implications of this are also addressed by Mr Harris.

15. Appendices

- BP1** Timeline of events
- BP2** List of residential planning applications presented to Planning Committee between September 2018 and December 2019
- BP3** Minutes of Preston Council's Cabinet – 4th November 2020
- BP4** Report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 27th June 2016
- BP5** Report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 2nd March 2017
- BP6** Minutes of the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on Tuesday 5th September 2017
- BP7** Report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 29th January 2019
- BP8** Report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 4th June 2019
- BP9** Report to the meeting of the Central Lancashire Strategic Planning Joint Advisory Committee on 3rd September 2019
- BP10** Report to South Ribble's Cabinet meeting on 13th November 2019
- BP11** Affordable Housing Supply in Preston