

**Craven Local Plan**

**Hearing Statement**

**Matter 2: Objectively Assessed Need and the  
Housing Requirement (Policy SP1)**

Submitted on behalf of Giggleswick School

September 2018



**GIGGLESWICK  
SCHOOL**

**Turley**

# Contents

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1.	Matter 2: Objective Assessed Need and the Housing Requirement	1
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**Client**

Giggleswick School

**Our reference**

GIGM3002

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# 1. Matter 2: Objective Assessed Need and the Housing Requirement

## Issue 4 – Affordability

### Q2. How have ratios determined the level of uplift proposed to the demographic starting point? Is the proposed uplift justified and based on available evidence?

- 1.1 The 2017 SHMA<sup>1</sup> provides a review of market signals at section 5. This acknowledges that:
- Housing delivery has consistently failed to meet plan targets (or the assessed level of need);
  - The district has consistently seen comparatively high affordability ratios<sup>2</sup> with ratios exceeding 7.2 since 2007 and being above 8 in the last three years. It is noted that the ratio has increased in 2017 (7.91) from the level referenced in the SHMA; and
  - The rental affordability ratio (RAR) has averaged 34.2% over the six years from 2010 to 2016, with it recorded as high as 36.3% in 2016. This indicates that households are typically spending more than a third of their income on rent, surpassing a frequently cited benchmark<sup>3</sup>. This is likely to result in material hardship or cause difficulties in making housing payments.
- 1.2 In the context of an evident worsening of market signals it is agreed that the application of a positive adjustment is justified and compliant with the PPG. It is noted that the scale of adjustment (20%) sits within a range which has been considered to be sound through the examination of recent Local Plans<sup>4</sup>.

### Q3. What impact will the proposed uplift have on issues relating to affordability in Craven?

- 1.3 Craven District Council's (CDC) evidence does not expressly identify the extent to which the proposed uplift can reasonably be expected to have a positive effect on affordability.
- 1.4 It is acknowledged that the level of planned provision would represent an increase on historic levels of completions. However, this should not be used to infer that achieving levels of completions in accordance with the Plan target will improve affordability.

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<sup>1</sup> *Craven Strategic Housing Market Assessment (SHMA) Update 2017, Arc4 (November 2017)*

<sup>2</sup> Ratio of median house price to median gross annual workplace based earnings

<sup>3</sup> *Housing pinched: understanding which households spend the most on housing costs*, Resolution Foundation (2014)

<sup>4</sup> This includes, by way of example, the adjustments confirmed through the examination of the Mid Sussex, Cambridge, Guildford, Waverley and Bromsgrove Local Plans.

- 1.5 Outside of a consideration of the impact that provision at the planned level will have on house prices / rents, it is noted that the draft Local Plan confirms that the planned level of provision will not deliver the need for affordable housing in full<sup>5</sup>. The draft Local Plan suggests that the planned requirement will enable 66% of the HMA's affordable housing need to be met. This, however, is predicated on achieving the delivery of 30% affordable housing as prescribed through policy. It is noted that the SHMA (2017) confirms that on average a level below this has been achieved between 2007/08 – 2016/17 (27.3%). There is therefore a risk that the level of unmet need for affordable housing will be more pronounced, therefore creating a worsening of circumstances for those households most in need of affordable housing.
- 1.6 As such, there is a clear imperative for the Local Plan to seek to deliver the OAN as a minimum, but that a higher level of housing provision may be required to ensure that affordability issues are actively improved.

### **Issue 5 – Future Economic Activity**

**Q1. The PPG advises that plan makers should also make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate.**

**What is the justification for the different employment-led growth scenarios in the SHMA? (paragraph 6.16)**

- 1.7 CDC's housing and economic base updates<sup>6</sup> have sought to ensure alignment between forecasts of likely job growth and the demographic projections considered. The integration of these aspects of the evidence-base is reflected within the draft Local Plan which confirms that *"...a figure of 32 ha at the top of the range is likely to be required for housing needs and employment land needs to be reasonably aligned..."*<sup>7</sup>.
- 1.8 Policy SP2 is clear to confirm that the Local Plan makes provision for a minimum of 32 hectares of employment land. Equally the Draft Plan is clear to acknowledge that it *"...is not to say that economic growth should be confined to land allocations or existing sites and commitments identified in the plan."*<sup>8</sup>.
- 1.9 The ELR Update (November 2017)<sup>6</sup> confirms that the upper end of the SHMA's demographic projections (PG-Long Term – 199 dpa), which also corresponds with the upper end of the ELR range, would support the growth of the district's labour-force by some 1,622 people<sup>9</sup>. It is notable that this is significantly higher than any of the other scenarios, with the PG-Short Term scenario (167 dpa) only supporting growth in the labour-force of some 577 people.

<sup>5</sup> Submission Draft Craven Local Plan (March 2018), paragraph 4.14

<sup>6</sup> Craven Employment Land Review and Future Requirements for Economic Growth Update Addendum, Lichfields (November 2017) / Craven Local Plan Strategic Housing Market Assessment (SHMA) Update 2017, Arc4 (November 2017)

<sup>7</sup> Submission Draft Craven Local Plan (March 2018), paragraph 4.23

<sup>8</sup> Ibid, paragraph 4.27

<sup>9</sup> Craven Employment Land Review and Future Requirements for Economic Growth Update Addendum, Lichfields (November 2017), Table 2.4

- 1.10 This scale of labour-force growth can be compared with the job growth forecast for 1,880 jobs over the plan period under the Regional Econometric Model (REM) forecasts (March 2017) which are the latest cited in the evidence base. Evidently, as the evidence identifies, the relationship between job growth and labour-force change also needs to be recognised with the demographic modelling confirming that the REM assumes that this remains constant over the forecast period<sup>10</sup>. The SHMA Update indicates that Craven is an importer of labour with 27,600 workers living in the district but 27,294 jobs (Census 2011<sup>11</sup>).
- 1.11 On the basis of these indicators of the relationship between jobs and houses, there is a clear justification for ensuring that the housing requirement enables a level of flexibility in supporting employment growth within the district. On this basis the requirement for the provision of 4,600 homes should be regarded and retained as a minimum level in order that:
- The economic growth of Craven is not constrained as a result of a shortage of labour; and
  - Adverse changes to commuting ratios do not result where the district relies to an even greater extent on labour commuting into the area to satisfy local employment.

## **Issue 7 – The Housing Requirement**

### **Q1. Is the housing requirement justified and is it based on robust, up-to-date and available evidence? If not, what should the housing requirement be, and how have alternative figures been calculated?**

- 1.12 The housing requirement is justified on the basis of evidence published in November 2017, which is presented as being compliant with the PPG. It is noted that this evidence involved the consistent updating of both the housing and employment land need assessment. This is considered to be beneficial in ensuring the two are integrated and the full extent of needs is assessed.
- 1.13 Our responses above have confirmed that the evidence strongly supports a position where the concluded OAN in the 2017 SHMA is viewed as a minimum level of provision. We support therefore the clear reference to the 4,600 additional dwellings planned as being a ‘minimum’ level of provision through Policy SP1. Providing for this level of housing will be critical to ensuring that the Local Plan positively responds to affordability issues and ensures that economic growth is not constrained within the district.
- 1.14 Our previous submissions expressed concerns that the rationale applied by CDC in selecting the requirement, and in rejecting a higher requirement, was flawed. In

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<sup>10</sup> Craven Demographic Analysis Update (November 2017), paragraph 4.8

<sup>11</sup> Arc4 – Craven Local Plan Strategic Housing Market Assessment (SHMA) November 2017 Update, Table 3.3

particular this stressed the extent to which the dismissal of higher levels of provision on the basis of past-completions and environmental considerations was not justified.

- 1.15 It is considered that the evidence confirms that delivering a level of housing above the minimum need expressed through the requirement could have subsequent benefits. In particular, on the basis of CDC's own evidence it would support the provision of a greater proportion of identified needs for affordable housing. We therefore remain of the view that the Local Plan should have considered further the merits of a higher housing requirement.
- 1.16 It is recognised that the publication of the revised NPPF (July 2018) introduces the Government's standard method for calculating housing need. In the context of the examination of the Craven Local Plan this should not, however, be accorded weight. This is because Annex 1 of NPPF2 is clear to establish through the transitional arrangements that policies in the previous Framework will apply for the purpose of examining plans submitted on or before 24 January 2019.
- 1.17 Outside of this explicit instruction through the revised NPPF as to its application at examination, in such circumstances it is also important to recognise that:
- The Government intends to consult on the methodology for the standard method in Autumn 2018 with an acknowledgement that it is unlikely to adequately calculate needs in full in the context of the Government's identified objective for boosting supply. Any output from the standard method at this point should be viewed in this context and acknowledged that it is likely to be subject to change;
  - Paragraph 60 of the revised NPPF sets out that strategic policies on housing should be informed by the outcome of the standard method within the context of a local housing need assessment in determining the minimum number of homes needed. This clearly does not prohibit authorities from planning for levels of housing which exceed this '*minimum*' benchmark. Indeed, the Government has been clear to articulate its expectation that authorities do just that<sup>12</sup>, acknowledging that the output of the standard method will not in isolation deliver the 300,000 homes it has confirmed as being needed to be delivered by the mid-2020s to address the current housing crisis; and

Paragraph 81 of the revised NPPF confirms the importance of establishing a clear economic vision and strategy supported by the establishment of criteria for local and inward investment to match the strategy and meet anticipated needs. Importantly this recognises the need to "*...address potential barriers to investment, such as inadequate infrastructure, services or housing...*" (emphasis added), whilst being "*...flexible enough to accommodate needs not anticipated in the plan... and to enable a rapid response to changes in economic circumstances...*".

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<sup>12</sup> Housing, Communities and Local Government Committee oral evidence: MHCLG priorities for the Secretary of State, HC 1036 – Rt Hon James Brokenshire MP, Secretary of State, Ministry of Housing response to Questions 35 and 36

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