



Report of	Meeting	Date
Director of Development, Preston City Council	Central Lancashire Strategic Planning Joint Advisory Committee	2 March 2017

Full Objectively Assessed Need for Housing and Strategic Housing Market Assessment

PURPOSE OF REPORT

1. To provide members of the Joint Advisory Committee with further information on the Full Objectively Assessed Housing Need and Strategic Housing Market Assessment evidence.

RECOMMENDATION(S)

2. The Joint Advisory Committee is asked to note the current position with regard to the FOAN & SHMA report and the retention of Core Strategy Housing Requirements for the purposes of moving forward.

EXECUTIVE SUMMARY OF REPORT

3. Local Planning Authorities are required to identify the Full Objectively Assessed Need for Market and Affordable Housing as part of the evidence underpinning their local plan. The FOAN, whilst not the plan figure, underpins assessment of the five year supply of deliverable housing land enabling developers to argue that where it is out of date the five year supply figure cannot be calculated and, therefore, the local planning authority cannot demonstrate that it has a five year supply of deliverable housing land. All local planning authorities without an up to date FOAN are vulnerable to this argument, which has been upheld by Inspectors at appeal.
4. A new FOAN has been calculated by consultants GL Hearn. Agreement is needed on that figure so the Strategic Housing Market Assessment can be finalised. This report sets out a pragmatic way forward.

REASONS FOR RECOMMENDATION(S)

5. For Members of the JAC to be aware of the current position.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. N/A. this report concerns the evidence base for the plan, not planning policy.

BACKGROUND

7. Local Planning Authorities are required by government to ensure that their development plans identify sufficient land to meet the Full Objectively Assessed Need for market and affordable housing across the housing market area during the plan period. The requirement is set out in paragraph 47 of the National Planning Policy Framework. Where an up to date need figure cannot be demonstrated, developers have used that to argue that the local planning authority cannot know what its need is and, therefore, cannot say whether it has five years' worth of deliverable housing land against that need.

The FOAN

8. The Full Objectively Assessed Need (FOAN) figure is the minimum housing needed over the plan period. Paragraph 47 of the Framework requires it to be assessed for the Housing Market Area. It is, however, expressed in terms of a need per local planning authority as each authority is responsible for preparing its own development plan, although housing market areas frequently include more than one local planning authority. There is a caveat to that, which is set out below.
9. It is an evidence figure and not the plan requirement figure. The latter can be higher than the FOAN but should not be lower unless there are planning constraints that cannot be overcome, in which case the local planning authority should seek the co-operation of neighbouring authorities to deliver the housing under the Duty to Co-operate introduced through S110 of the Localism Act 2011. Examples of such constraints would be green belt or areas at risk of flooding.
10. FOAN is, therefore, a minimum requirement. Housing requirements in development plans can be set higher than the FOAN as can targets in agreements with government through other, non-statutory policy initiatives.

Calculating the FOAN

11. The government sets out a methodology for determining the FOAN in the Planning Practice Guidance. Whilst not mandatory, the advice in the planning practice guidance is that, if local planning authorities depart from that methodology, they should set out clear reasons why they have done so. The government's view is that the methodology in the guidance is preferable as it creates transparency in how the evidence has been gathered.
12. The consultants (GL Hearn) who have prepared the Central Lancashire FOAN and Strategic Housing Market Assessment (SHMA) have followed the methodology set out in the Planning Practice Guidance.

Housing White Paper Implications

13. The Housing White Paper published in February 2017 refers to consultation that the government intends to carry out on a standardised approach to determining an objectively

assessed requirement for housing. 'Requirement' is usually taken to refer to the target figure in the development plan not the need figure. As indicated above and clearly set out by the consultants who have prepared the FOAN/SHMA report, the FOAN figure is not the housing target.

The FOAN determined by GL Hearn

14. The starting point for determining the FOAN is set out in the Planning Practice Guidance and is the population projections produced by the Office for National Statistics. The latest figures are the 2014 base figures that were published in May 2016. The ONS projections, and the DCLG household projections derived from them, are trend based so that in an area where there has been a high level of household growth and, therefore, housing growth in recent years that will be reflected in the projections. Conversely where such growth has been constrained, that will also be reflected. In order to ensure that no recent factors have skewed the data, the consultants have used a 14 year migration figure as the basis for the FOAN.
15. The various differences in the projected number of dwellings per annum, and a comparison with the existing plan figures is set out in the following table:

	Chorley	South Ribble	Preston	Central Lancs
Core Strategy requirement p.a.	417	417	507	1,341
2014 population projection base p.a. (SNPP)	511	182	241	934
OAN	465	325	523	1,313
Variation from CS OAN	+48	-92	+16	-28
Variation from SNPP OAN	-46	+143	+282	+379
Variation from CS SNPP				

16. Three points stand out from that.
 - Firstly across the Central Lancashire Housing Market Area there is not a significant difference between the current plan requirement of 1,341 and the FOAN figure of 1,313.
 - Secondly, there is a difference in the distribution of housing need across the three authorities, particularly affecting Chorley and South Ribble. In Chorley the FOAN is 48 dwellings more than the Core Strategy requirement, in South Ribble it is 92 dwellings fewer.
 - Thirdly, the effect of using the 14 year migration figure as the basis for the FOAN has a dampening effect on the changes that would derive purely from the sub-national population projections. If the population projections, being the starting point in the Planning Practice Guidance, were used as the basis for the need figure Chorley would see an increase in need above the CS requirement of 94 dwellings per annum, while in Chorley and Preston there would be a decrease of 235 and 266 dwellings per annum respectively. The 14 year migration figure, therefore, mitigates the trend deriving solely from population projections.

The potential for a redistribution within the Housing Market Area

17. The Central Lancashire Housing Market Area is very self-contained with containment levels of over 80% when long distance moves are taken out compared with the threshold of 70% set out in the Planning Practice Guidance. It is, therefore, likely that a new household forming within Central Lancashire will consider housing anywhere within the Housing Market Area rather than any particular local authority area.
18. There is the potential for a redistribution of housing provision within the Housing Market Area as indicated by two judicial authorities; *St Modwen v SSCLG & East Riding of Yorkshire Council* (High Court) and *Oadby and Wigston Council v SSCLG* (Court of Appeal)¹. The circumstances of each case are different but both allow for an apportionment of housing within the Housing Market Area that is different from the need figure for each individual local authority within the area provided that there is some formal agreement to that and the FOAN for the Housing Market Area as a whole is being met.
19. In summary the relationship between the Full Objectively Assessed Need for housing and the planned housing provision, therefore is:
 - The FOAN is the minimum that needs to be provided. Local Planning Authorities can plan for more housing in their area, for example, to meet economic growth aspirations.
 - The FOAN is an evidence figure, not policy.
 - The FOAN should be assessed at the Housing Market Area level; Central Lancashire has a level of containment that exceeds the threshold set out in national guidance.
 - Apportionment of the FOAN by agreement between local planning authorities within a Housing Market Area, which differs from the figure for each authority, is possible as long as the FOAN for the Housing Market Area is met.

Moving forward pragmatically

20. As indicated above, 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.
21. There are other practical considerations that support that approach, including requirements proposed by government in the Housing White Paper.
22. In particular, the government has signalled its intention to set out in regulations a requirement for local planning authorities to review local plans and other local development documents at least once every five years. That would require a full review of the Core Strategy and the three authorities' Site Allocations Plans by 2020 at the latest.

¹ *St Modwen Developments Limited - and - (1) Secretary of State for Communities and Local Government (2) East Riding of Yorkshire Council: [2016] EWHC 968 (admin) & Oadby and Wigston Borough Council - and - (1) Secretary of State for Communities and Local Government (2) Bloor Homes Ltd [2016] EWCA Civ 1040*

23. Work has started on updating other parts of the evidence base for the Core Strategy, which makes a full review more appropriate.
24. Shropshire Council, a unitary authority, has taken a similar approach. In 2016 it commissioned a new FOAN/SHMA that indicated a need for 1,259 dwellings per annum. This compared with a requirement in the Core Strategy, adopted in 2011, for 1,390 dwellings per annum between 2011 and 2021 and 1,530 between 2021 and 2026. For planning purposes and development management, that Council has retained its Core Strategy figures. That approach has been endorsed recently by an Inspector in an appeal at Ludlow².

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² Appeal Ref: APP/L3245/W/15/3137161, Land at Foldgate Lane, Ludlow, Shropshire 16 November 2016