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Rebuttal Proof of Nick Ireland on Housing Matters

Land at Pear Tree Lane, Euxton

APP/D2320/W/20/3247136

June 2020

Iceni Projects

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH

Glasgow: 177 West George Street, Glasgow, G2 2LB

Manchester: 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: iceniprojects.com | e: mail@iceniprojects.com

linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: [@iceniprojects](https://twitter.com/iceniprojects)

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1. INTRODUCTION

- 1.1 I, Nick Ireland, adopt the evidence of Mrs Leona Hannify on housing matters for the purposes of this appeal. I have set out my professional credentials below.
- 1.2 I have prepared this Rebuttal Proof to address selected points in the evidence of Mr James Donagh, which I consider are most helpfully addressed in writing. For the avoidance of doubt this does not indicate that I agree all other elements of his Proof.

2. MY PROFESSIONAL CREDENTIALS

- 2.1 I am a Chartered Town Planning and am employed as a Director in the Strategic Planning Team at consultancy Icen Projects.
- 2.2 I hold a BA (Hons) degree in Geography from Durham University and a Masters in Town Planning (MTPI) from Manchester University. I have been a member of the Royal Town Planning Institute since 2005. I have 18 years' experience in planning, development and regeneration consultancy.
- 2.3 I joined Icen Projects in July 2018, having worked previously at GL Hearn in its Planning and Development Team (2008-18) where I led its Economic Consulting Team. Prior to this I was employed in the Planning, Development and Regeneration Team at GVA Grimley, in Manchester between 2003-06 and in London from 2006-08.
- 2.4 I specialise in providing consultancy advice on strategic and spatial planning issues, particularly in regard to housing and employment development. I have experience of assessing housing need and appraising housing land supply on behalf on both public and private sector clients and have given evidence at a range of planning inquiries on such matters. I have advised over 80 local authorities across the country on housing need including through preparation of Strategic Housing Market Assessments.
- 2.5 I led the consultancy team which worked with the Central Lancashire authorities to prepare the 2017 Strategic Housing Market Assessment (whilst I was employed at GL Hearn) (CD7.25). I have similarly led and overseen the preparation of the 2020 Central Lancashire Housing Study (CD7.50). I also gave evidence in respect of the housing requirement at the 2017 Inquiry in respect of the Pear Tree Lane Site (PINS Ref APP/D2320/W/17/3172375) (CD10.01).

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- 2.6 I was previously due to be on leave the week of the inquiry. However due to the Covid-19 travel restrictions, this has now been cancelled. Given the nature of the issues raised by Mr Donagh, our team has agreed that I am better placed to give evidence at this Inquiry.
- 2.7 I have read the Proof of Evidence prepared by Mrs Leona Hannify and confirm that I agree with its findings, and am content to adopt this as my own.
- 2.8 I confirm that the evidence which I have prepared and provide for this Inquiry (PINS Reference APP/D2320/W/20/3247136) is true and has been prepared and is given in accordance with the guidance of the Royal Town Planning Institute and I confirm that the opinions expressed are my true and professional opinions.

3. ISSUES BETWEEN THE MAIN PARTIES

- 3.1 The Housing Requirement and Five Year Housing Land Supply Supplementary Statement of Common Ground (“SOCG2”) confirms that it is common ground that:
- Central Lancashire – the area defined by Preston, South Ribble and Chorley local authorities – functions as one integrated local economy and travel to work area; and is a single Housing Market Area (SOCG2 Paras 2.1 – 2.3).
 - The three Councils have a history of joint working, including in the preparation of the joint Central Lancashire Core Strategy (SOCG2 Paras 2.2 & 2.4).
 - The minimum local housing need should be calculated using the standard method as set out in the NPPG, and that at the current time this generates a need for 1010 dpa across Central Lancashire (SOCG2 Paras 2.6 & 2.7).
 - The Councils have considered the distribution of homes across the HMA through the Duty to Cooperate, which is expected to be a continuous and ongoing process, and set out an agreed distribution in the April 2020 Memorandum of Understanding and Statement of Cooperation (CD7.23) and May 2020 Statement of Common Ground (CD7.34). I refer to these documents as the MOU.
- 3.2 The difference of principle between us is that the appellant considers that distributing the housing requirement is a matter exclusively for the plan-making process (SOCG2 Para 2.16), including being tested at examination (SOCG2 Para 2.18), and that the standard method LHN figure for Chorley of 569 dpa should be used as the base requirement instead of the figure of 278 dpa set out in the May

2020 SOCG between the Central Lancs authorities (CD7.34). I consider that the MOU provides a sound basis for considering the five year housing land supply.

3.3 From my reading of Mr Donagh's Proof, the key issues between us are:

- Whether the distribution of the housing requirement within the MOU is appropriate. Mr Donagh seeks to advance a case that Preston and Chorley have different market characteristics, with weak evidence of migration and commuting between them;
- The effect of the MOU distribution, in particular the extent to which it takes account of affordability issues; and
- Whether it is appropriate to distribute the housing requirement between the Central Lancashire authorities for the purposes of identification of a five year housing land supply in advance of the adoption of a new local plan.

3.4 My rebuttal focuses on the first two issues above. I will address the third bullet point above in evidence.

4. MR DONAGH'S HOUSING MARKET ANALYSIS

4.1 I find the analysis in Section 3 of Mr Donagh's Proof surprising on two grounds. **First**, it essentially seeks to argue that Chorley and Preston fall within different housing market areas. This is inconsistent with (and cuts across) the agreed position within the signed Housing SOCG (SOCG2) which states at Para 2.3 that:

"it is agreed that the area functions as one integrated local economy and travel to work area and is a single Housing Market Area. Containment levels approach 80% for travel to work and exceed 80% for housing moves when long distance moves are excluded."

4.2 The area in these terms is that covered by the LPAs of Preston, South Ribble and Chorley as stated in Para 2.1 in SOCG2.

4.3 **Secondly**, he seeks to argue that the Councils should be planning for a higher level of housing provision overall above the standard method figure of 1010 dpa (Mr Donagh Paras 4.12 – 4.13). This is also inconsistent with the Housing SOCG in which the appellant agrees that the standard method should be used (SOCG2 Para 2.6).

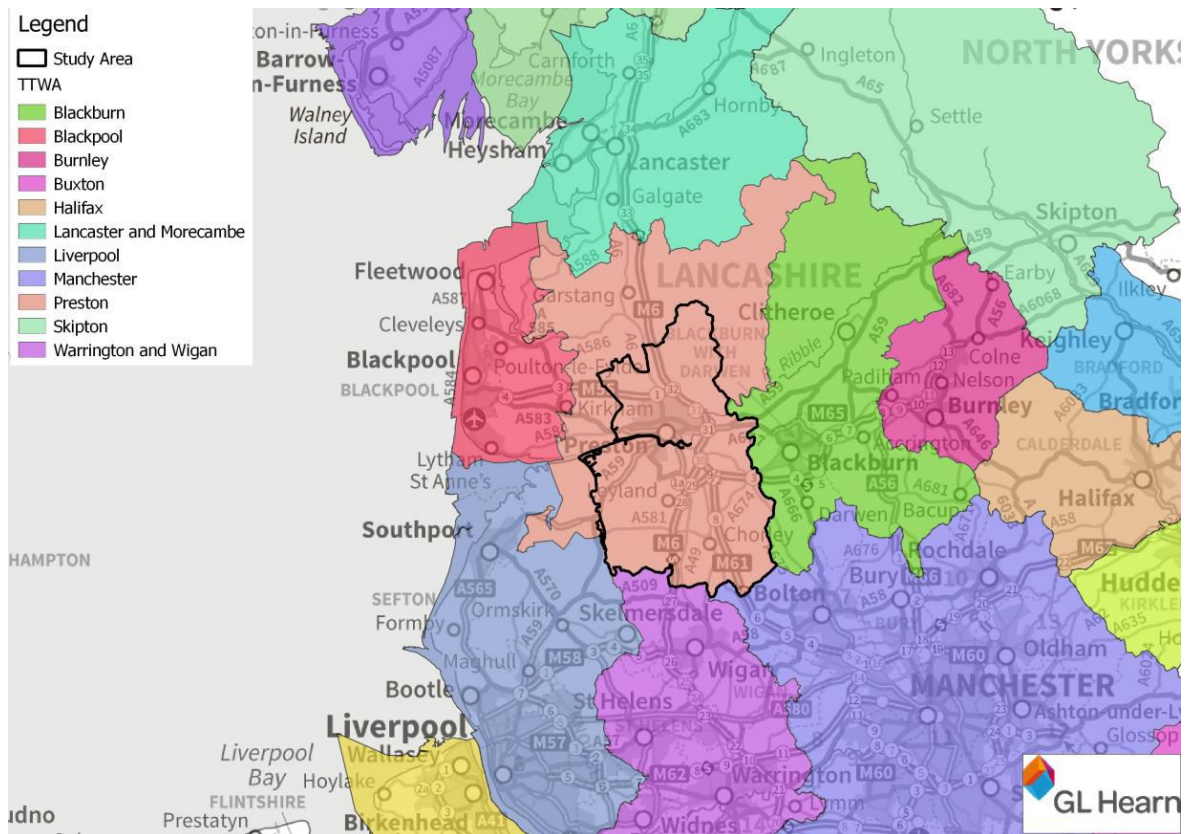
4.4 Mr Donagh presents an analysis of selected datasets addressing sales, commuting, migration and completions by reference to which he seeks to argue that “*Preston and Chorley are effectively peripheral to the Core Strategy area*” and “*relate to wider partially overlapping catchments*” (Donagh Summary Para 1.16I make further reference is made to those data sets below under the side-headings ‘sales volumes’, ‘house price analysis’ and ‘migration and commuting patterns.’ .

4.5 It is notable that Mr Donagh has had no regard to the analysis within the authorities’ evidence base, within the 2017 Central Lancashire Strategic Housing Market Assessment (SHMA) (CD7.25). I find this quite surprising. Section 2 in the SHMA addressed the housing market geography, concluding that Chorley, Preston and South Ribble fall within a common and unique housing market area (CD7.25 Para 2.79). This was consistent with:

- The findings of the Central Lancashire Core Strategy Inspector. The Inspector’s report confirms that the plan area functions as one integrated local economy, travel to work area and single housing market area (See extract at my Appendix A1, Para 69).
- Previous research studies at a regional level which had considered HMA geographies. This included independent studies by Ecotec and by University of Manchester academics Dr Brown and Dr Hinks which both defined a Preston-focused Central Lancashire HMA (CD7.25X, Figures 5 and 6);
- Government Guidance which emphasises that HMAs are typically expected to see 70%+ self-containment of migration. The SHMA found the Central Lancashire authorities individually did not meet this threshold (with Chorley seeing migration self-containment of 53-56%) but that the three Central Lancashire authorities combined achieved 70-72% self-containment (CD7.25, Table 2, p30) based on analysis of 2011 Census data;
- ONS definitions of Travel to Work geographies when overlaid against local authority boundaries. As shown in Figure 13 in the SHMA, the three Central Lancashire authorities fall in their entirety within the Preston TTWA, which extends to include rural parts of surrounding authorities such as West Lancashire, Fylde, Wyre and Ribble Valley but no major towns within these areas (see Figure 4.1 below).

4.6 I replicate the map of Travel to Work Areas from the SHMA below which confirms that this is so (the ‘Study Area’ closely corresponding to the administrative areas of the three authorities) .

Figure 4.1: ONS-defined Travel to Work Areas



Source: ONS, 2015

CURDS Research

4.7 Mr Donagh's analysis considers the housing market areas defined by in the 2010 CURDS Research (Donagh Paras 3.2 – 3.4). This defined a tiered geography of housing markets based on ward boundaries, and a best-fit geography to local authority boundaries for use in strategic planning. The 'local' housing market areas (Mr Donagh's Figure 3) are based on achieving 50% migration self-containment. This is not sufficient to support their definition as standalone HMAs. They represent in effect sub-markets within the 'strategic housing market areas' which were based on achieving 77.5% commuting self-containment. The 'local' housing market areas are embedded within the 'strategic' housing market areas.

4.8 The local authority geography actually recommended by the CURDS Study was a Central Lancashire HMA comprising Chorley, Preston and South Ribble (see SHMA CD7.25 Figure 4, p20).

Broad Rental Market Area

4.9 A further independent source which is worth considering in appraising the housing market geography is the Broad Rental Market Area defined by the Valuation Office Agency (VOA). This is what the VOA considers is "the area which a person could reasonable be expected to live taking account access to facilities and services."

4.10 The VOA define a Central Lancashire Broad Rental Market Area which I have set out in Appendix A3. This is an independent assessment of the geography within which people can be expected to move to find private rented properties. It aligns closely with the Central Lancs HMA geography. Again this is another independent source, which Mr Donagh has not considered, which reaffirms and supports the existence of a Central Lancashire Housing Market Area.

4.11 Drawing the above analysis together, it is thus clear that a range of independent studies have considered the housing market geography in this area, and have consistently defined a Central Lancashire Housing Market Area comprising Chorley, Preston and South Ribble local authorities.

Mosaic Profile

4.12 Experian's Mosaic classification, as referred to by Mr Donagh in Paras 3.5 – 2.8 in his Proof and Appendix JD.04, draws together a range of socio-economic data to profile different household typologies. He seeks to draw a distinction between the Mosaic profile in Euxton/Chorley Town to that in Preston.

4.13 It is quite reasonable to expect different areas within a common housing market to have different socio-economic profile, and to see distinctions between larger urban areas/cities, smaller urban settlements and villages/rural areas.

4.14 Mr Donagh's analysis shows percentage figures only, which does not enable consideration of how well represented different groups are in the different areas.

4.15 For groups such as 'aspiring homemakers', 'suburban stability' and 'domestic success' (which Mr Donagh suggests are currently more strongly represented, in percentage terms, in Chorley or Euxton than Preston), it is first useful to consider what Experian mean by these groups. This is set out in Appendix JD.04 as follows:

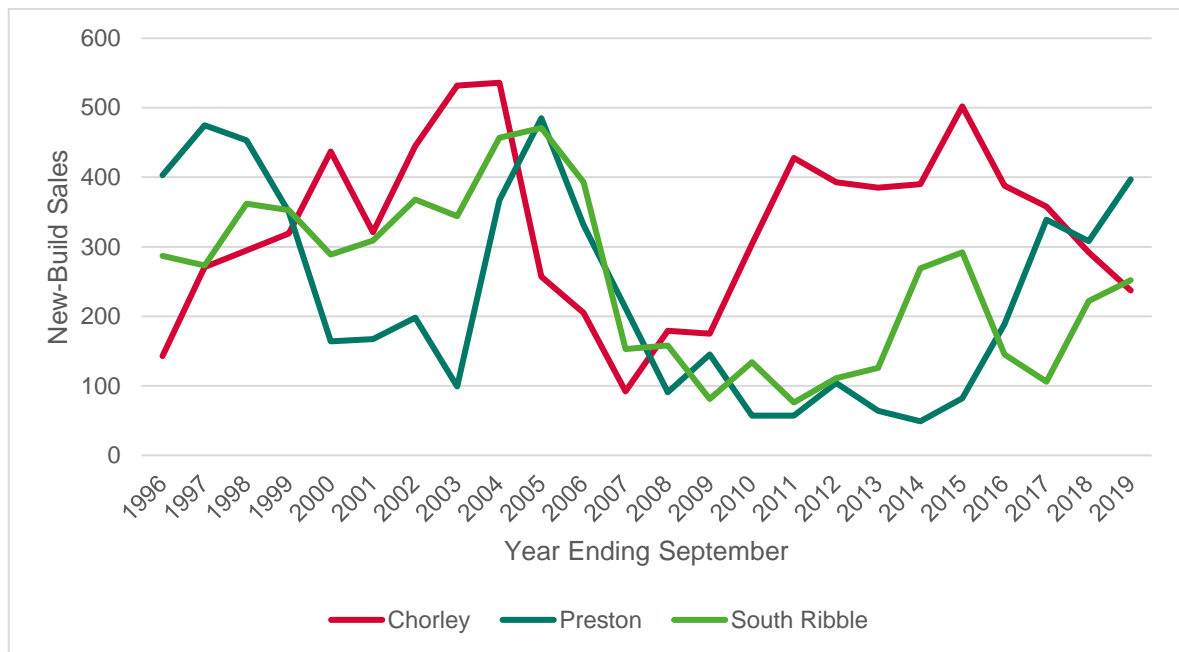
- **Aspiring Homemakers:** Aspiring Homemakers are younger households who have, often, only recently set up home. They usually own their homes in private suburbs, which they have chosen to fit their budget.
- **Suburban Stability:** Suburban Stability are typically mature couples or families, some enjoying recent empty-nest status and others with older children still at home. They live in mid-range family homes in traditional suburbs where they have been settled for many years.
- **Domestic Success:** Domestic Success are high-earning families who live affluent lifestyles in upmarket homes situated in sought after residential neighbourhoods. Their busy lives revolve around their children and successful careers in higher managerial and professional roles.

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- 4.16 Whilst the MOSAIC profile of Preston sees a less strong percentage representation of these groups now, there is no reason as to why the major strategic sites such as Cottam (with planning consent for 1,100 homes) and the NW Preston Strategic Location (with long-term capacity for 5,200 homes) will not or cannot accommodate these household groups (see my Appendix A2 for further information concerning these sites).

Sales Volumes

- 4.17 Mr Donagh includes an analysis of sales volumes (Donagh Paras 3.9 – 3.14) which he seeks to use to suggest that sales in Chorley have grown at a faster rate in Chorley than in South Ribble or Preston since 2019, which he suggests is indicative of a stronger market.
- 4.18 I would suggest however that the commonality in sales trends shown in Figure 3.4 in his Proof suggests very similar market conditions across all three authorities. The differences drawn out in Figure 3.3 in his Proof are skewed by differences to the particular profile of sales in 2007 and should not be relied upon.
- 4.19 It is surprising that Mr Donagh has undertaken no analysis of the new-build market as the dynamics for new-build development can differ from that across the wider housing market. For new-build development we are looking at a relative consistency of housing quality. I have used the same dataset as Mr Donagh, and the same time periods (statistics for the year to September), but have drilled into the data to consider volumes of new-build sales. This is shown in Figure 4.2.
- 4.20 Across Central Lancashire new-build sales volumes dropped dramatically in 2007 and remained at a relatively low level to 2013. There has been a gradual recovery since, supported in part by the Help-to-Buy Scheme. What is, however, particularly evident is the correlation between relatively high new-build sales volumes in Chorley and low sales new-build volumes in Preston between 2011-15; with a clear downward trend in new-build sales in Chorley since 2015 corresponding to an upward trend in new-build sales in Preston from then. Whilst new-build sales in Chorley dropped by 250 between 2015-19, new-build sales in Preston grew by 315. We see an inverse relationship with completions going up in Preston and down in Chorley and visa-versa through the late 2000s and into the last decade.

Figure 4.2: New-Build Sales in Central Lancashire



Source: ONS Small Area House Price Statistics

4.21 The new-build sales trends points to an inter-relationship between new-build development in Preston and Chorley; which would be reasonable given the wealth of evidence supporting their location within a common Housing Market Area, as I have examined above. It does not support Mr Donagh’s contention that the markets in Chorley and Preston are operating independently of one another.

House Price Analysis

4.22 Mr Donagh comments that house prices across Central Lancashire have risen at a similar rate over the period since 2016 (Mr Donagh Para 3.15). This is consistent with my analysis whereby looking at house price growth over the last 10 years the three Central Lancashire authorities have seen a very similar rate of increase at 1.9% pa in Preston and 2.0% pa in Chorley and South Ribble. **These long-term house price trends do not point to stronger relative demand in Chorley than other parts of the HMA, as Mr Donagh contends; and support the inclusion within a common Housing Market Area.**

4.23 If we consider shorter-term trends over the last 5 years, this points to the strongest comparative house price growth being in Preston as my Table 4.1 below shows.

Table 4.1 Annual Growth in House Prices

	5 Year (2014-19)	10 Year (2009-19)
Chorley	2.2%	2.0%
Preston	3.0%	1.9%
South Ribble	1.9%	2.0%
North West	3.8%	2.8%
England	4.2%	3.7%

Source: My Analysis of ONS Small Area House Price Statistics (All Sales)

- 4.24 A more detailed analysis of house prices similarly does not support the suggestion put forward by Mr Donagh that demand is stronger in Chorley. I have analysed house prices by type to allow comparisons in values for comparable products, recognising that the overall average/ median price will be influenced by the mix of properties sold.
- 4.25 Table 4.2 below shows the median price by property type for sales over the year to September 2019, using ONS Small Area House Price Statistics – the same dataset which Mr Donagh uses in Figures 3.5 and 3.6 in his Proof.
- 4.26 My analysis shows that median prices for semi-detached properties in all three Central Lancashire authorities are almost identical. So is the median value for detached properties in Chorley and Preston, and for terraced properties in Chorley and South Ribble. The costs of typically smaller terraced and flatted homes are, however, cheaper in Preston. The comparable prices for similar property types do not point to Chorley’s market “running relatively hot” as Mr Donagh suggests at Para 3.15 in his Proof.
- 4.27 The principal reason why the median house price in Chorley is greater than in Preston or South Ribble, as Mr Donagh hints at in his Para 3.16, is the greater volume of sales of larger more expensive detached properties (these accounted for 37% of sales in Chorley compared to 27% in Preston over the year to Sept 2019). This difference also reflects that Chorley has much lower sales of flatted stock than Preston.

Table 4.2 Median House Prices by Type, Year to Sept 2019

		Detached	Semi-Detached	Terraced	Flat/Maisonette	All Properties
Chorley	Median Price	£275,748	£155,000	£125,000	£95,000	£170,000
	Sales	716	601	539	92	1,948
	% Sales	37%	31%	28%	5%	100%
Preston	Median Price	£279,950	£155,000	£97,000	£79,800	£145,000
	Sales	523	635	584	202	1,944
	% Sales	27%	33%	30%	10%	100%
South Ribble	Median Price	£242,973	£155,000	£122,000	£105,000	£165,000
	Sales	552	867	379	81	1,879
	% Sales	29%	46%	20%	4%	100%

Source: ONS Small Area House Price Statistics

- 4.28 For completeness, I have also considered new-build sales. These reflect a similarity in values between Preston and Chorley for detached and semi-detached houses and flats/maisonettes. If Mr Donagh’s contention that demand was stronger in Chorley was true, I would expect to have seen higher relative housing costs, but this is not evident.

Table 4.3 Median House Prices for New-Build Properties, Year to Sept 2019

	Detached	Semi-Detached	Terraced	Flat /Maisonette	All Sales
Chorley	£295,995	£193,995	£182,995	£113,995	£274,995
Preston	£299,995	£199,995	£109,995	£110,000	£246,750
South Ribble	£254,973	£185,120	£162,995	£200,000	£208,495

Source: ONS Small Area House Price Statistics

- 4.29 The comparability of prices for similar properties and similar longer-term house price trends across the three Central Lancashire authorities is consistent with the SHMA conclusion that they fall within the same Housing Market Area. Furthermore my analysis of prices as shown above does not point to a particular market based distinction between Chorley and the other two authorities which justifies it accommodating 56% of the HMA’s housing needs as the standard method figures for individual authorities suggest.

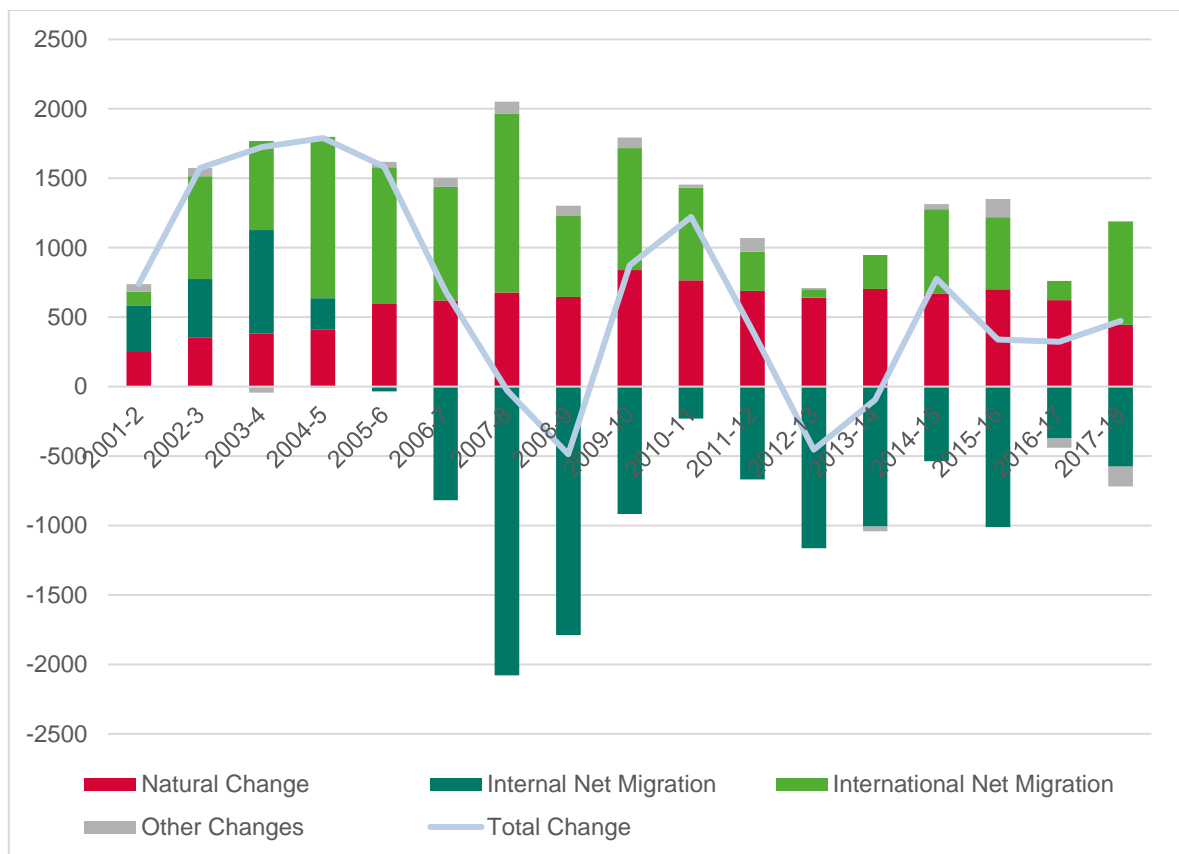
Migration and Commuting Patterns

- 4.30 Mr Donagh considers migration and commuting dynamics in Paras 3.23 – 3.36 in his Proof, which he seeks to use to argue that Preston and Chorley “are effectively peripheral to the Core Strategy area” and relative to “wider, partially overlapping catchments.” This simply isn’t supported by the data.
- 4.31 Mr Donagh’s analysis of migration patterns fails to consider flows which are contained within individual local authority areas, which are significant as many people move relatively short distances.

This is considered in the 2017 SHMA (CD7.25) at Table 2. This shows, drawing on 2011 Census data, that 70-72% of migration flows were contained in Central Lancashire. If long distance flows are excluded – consistent with the approach recommended in the PPG (Para 61-018) – the level of flows contained within Central Lancashire rises to a substantial 82-83%, as shown in Table 4 in the SHMA. This is above the threshold of 70% which is generally expected for a housing market area.

4.32 I consider that it is also important to reflect the influence of demographic dynamics across the three areas. Preston has seen, on average, net out-migration of 250 persons per year over the 2013-18 period. Over the five year period prior to this, net out-migration was 460 persons pa. I have set out the components of population change in Preston in Figure 4.3 below based on the ONS Mid-Year Population Estimates.

Figure 4.3: Components of Population Change, Preston



Source: ONS Mid-Year Population Estimates

4.33 If I look at the net migration flows in the housing market area using the last five years of data (2013-18), I find using ONS matrices of internal migration:

- A net out-migration flow from Preston to South Ribble of 470 persons per year;
- A net out-migration from Preston to Chorley of 110 persons per year; and

- A net out-migration from South Ribble to Chorley of 80 persons per year.

4.34 The data shows a cascading pattern of net migration from Preston to South Ribble; and South Ribble to Chorley.

4.35 I have set out in Table 4.4 below the flows in each direction, drawn from ONS matrices of moves between local authorities. The net flows reflect the balance between the flows in and out.

4.36 I consider that it quite reasonable that the City Deal and agreed distribution of housing between the HMA authorities can be expected to influence the balance of these flows in the future such that the net-flow from Preston to South Ribble or Chorley moves more towards a position of balance. I also consider that it as entirely reasonable to expect a change in the dynamics between South Ribble and Preston to influence the relationship and flow between South Ribble and Chorley given the supply of family housing expected to come forwards in urban extensions to Preston. My experience is that the volume of new development in nearby local authorities can influence the balance of migration between them, particularly having regard to the fact that the one way flows are significantly greater in scale than the net flow, as Table 4.4 shows. Small changes in the balance between flows in each direction can have a notable effect on the net flow as a result.

Table 4.4 Migration flows between the HMA Authorities

	Flow (Persons pa)
Preston to South Ribble	1330
South Ribble to Preston	860
Net Flow	470
Preston to Chorley	460
Chorley to Preston	350
Net Flow	110
South Ribble to Chorley	1080
Chorley to South Ribble	1000
Net Flow	80

Source: Analysis of ONS Migration Matrices

4.37 In respect of commuting, I note that Mr Donagh’s analysis shows that 76% of Preston residents, 76% of South Ribble residents and 69% of Chorley residents work within Central Lancashire (Donagh Paras 3.33 – 3.35). The overall self-containment rate is 71% (SHMA CD7.25, Para 2.68), which again supports the definition of the three authorities as within a common HMA. The strong level of commuting which is contained within Central Lancashire is evident through ONS’ inclusion of all three authorities in their entirety within the Preston Travel to Work Area, as shown in Figure 13 in the 2017 SHMA (CD7.25, p36) and my Figure 4.1 above. I do not therefore consider that Mr Donagh’s

Statement in Para 3.36 that “Preston and Chorley are effectively peripheral to the Core Strategy area” to be consistent with the evidence.

4.38 Within Central Lancashire, Preston is the largest employment centre with more than twice the number of jobs that there are in Chorley (shown at Table 4.3 in the Housing Study (CD8.11)). It is entirely reasonable and sustainable to align housing provision with employment opportunities.

4.39 I consider that consideration of economic dynamics is significantly under-played in Mr Donagh’s Proof, which does not refer to or consider the distribution of jobs, alignment of jobs and homes or employment trends.

4.40 The distribution of jobs was set out in the Housing Study, and I have replicated this at Table 4.5 below. 48% of Central Lancashire’s total jobs are in Preston, 30% in South Ribble and 20% in Chorley.

Table 4.5 Central Lancashire Jobs Distribution, 2017

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

Source: Business Register and Employment Survey

4.41 If I look at historical jobs growth over the current economic cycle since 2008, I find jobs growth being concentrated in Chorley and South Ribble and a static employment position in Chorley (despite stronger relative population growth).

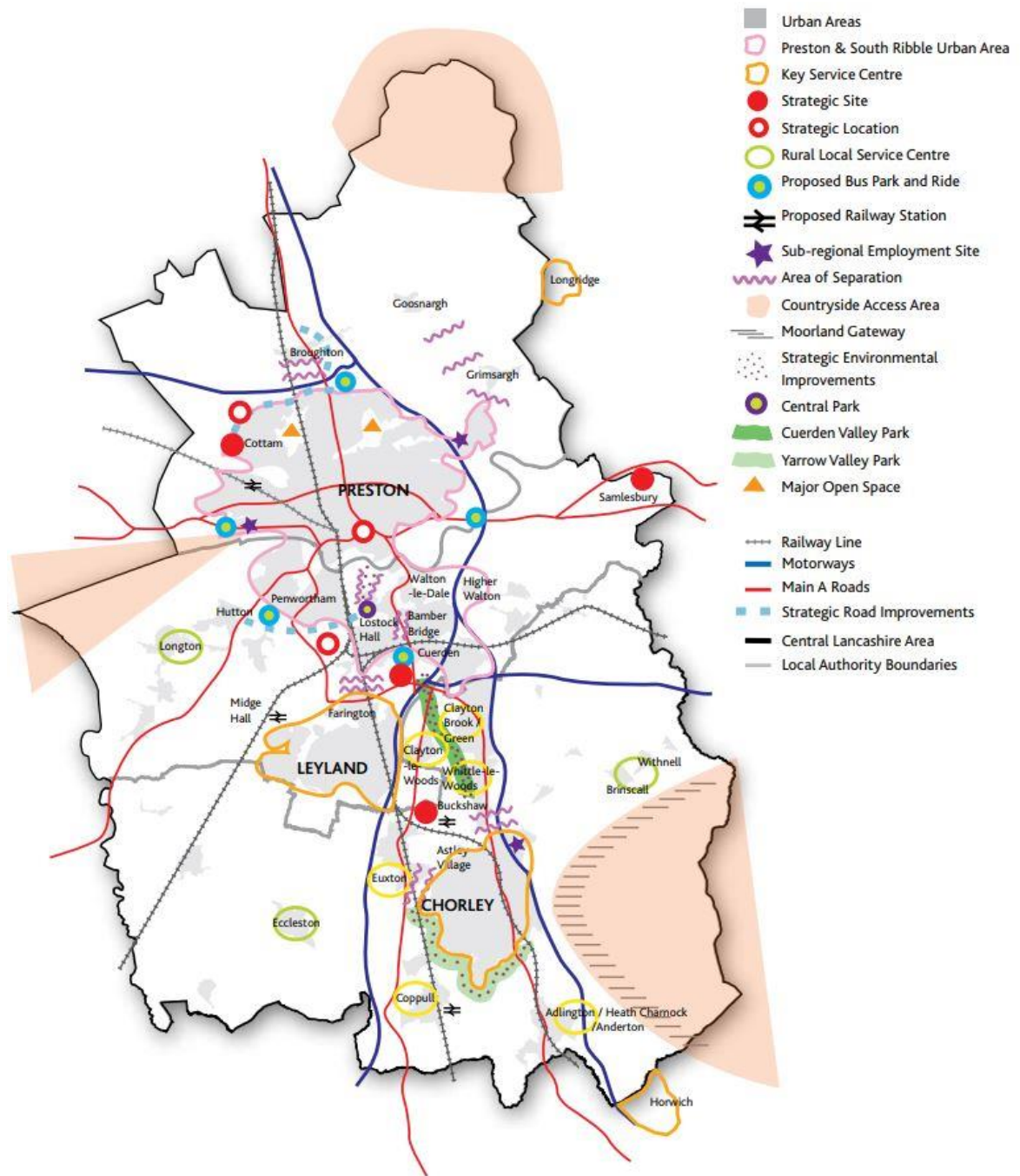
4.42 The focus of major employment sites (including Cuerdon, Lancashire Business Park, Preston East, and the Salmesbury and Warton Enterprise Zone sites) and City Deal infrastructure investment is likely to reinforce these areas – Preston and South Ribble - as those within the sub-region where employment growth is focused. I enclose a map of major employment sites overleaf in Figure 4.4.

Table 4.6 Employment Growth, 2009-18

	Chorley	Preston	South Ribble
2009	45,000	93,000	52,000
2018	45,000	98,000	58,000
Change	0	5,000	6,000

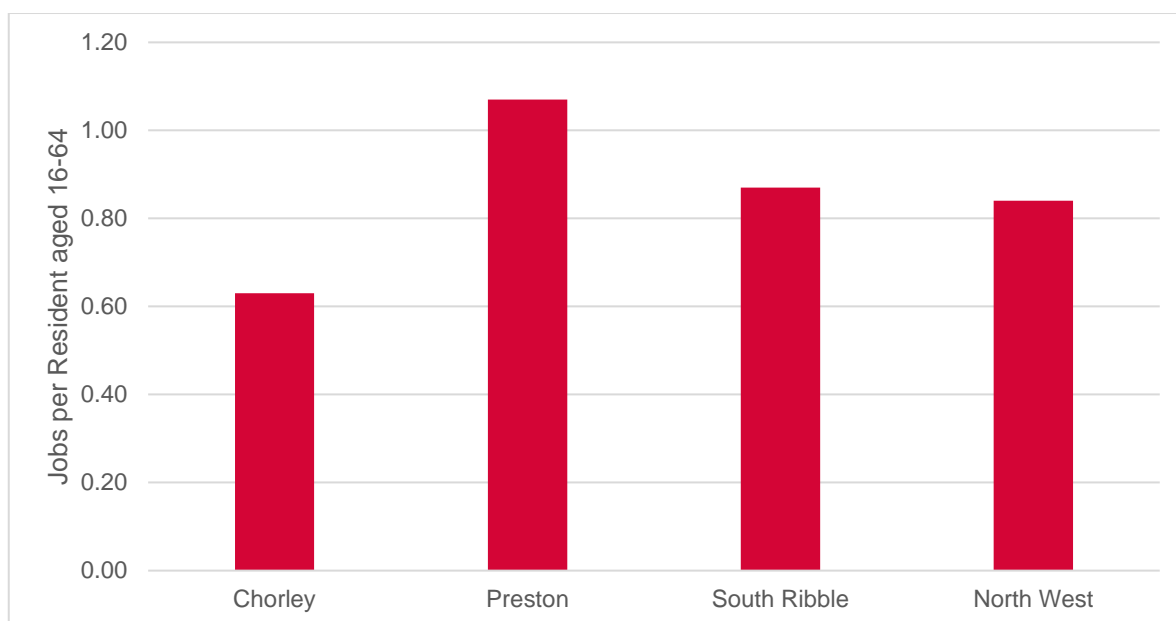
Source: NOMIS

Figure 4.4 Location of Strategic Housing & Employment Sites in Central Lancashire



4.43 If I then look at jobs density (which describes the ratio of jobs to people aged 16-64), Preston has a much higher ratio of 1.07 - notably above figure for the North West as a whole of 0.84 (see Figure 4.4 below). In contrast, the ratio in Chorley is below average at 0.63. The analysis points to a jobs/homes imbalance within Preston which leads to significant in-commuting to Preston. Locating homes close to jobs in/around Preston can therefore assist to reduce commuting distances consistent with Para 103 of the NPPF which states that the planning system should manage patterns of growth to limiting the need to travel and promoting use of sustainable modes.

Figure 4.4: Jobs Density, 2018



Source: NOMIS

4.44 **My analysis thus shows that the MOU distribution is consistent with achieving a more sustainable pattern of development in Central Lancashire than using the standard method figures for individual local authorities, and indicates that the distribution proposed aligns with the distribution of jobs. It shows that employment growth over the last decade for which data available has been concentrated in Preston and South Ribble, rather than Chorley, which is consistent with the areas' relative economic strengths. Given the geography of major employment sites coming forwards and infrastructure investment in Central Lancashire, it is reasonable to expect this to continue.**

Affordability

4.45 Mr Donagh limits his assessment under the heading 'demand pressures' to consideration of trend-based population projections, which are influenced by the past distribution of development, and headline affordability ratios.

4.46 Mr Donagh's analysis of relatively affordability pressures is basic and focuses exclusively on the median house price to earnings ratio (Donagh Figure 3.12). The consideration which was given to

affordability in the Housing Study was more comprehensive, and included analysis of the differentials in costs of different types and sizes of homes to both buy and rent within the HMA (CD8.11 Tables 5.1 – 5.3), and demographics of the areas including the age structure and levels of household formation.

- 4.47 Importantly affordability pressures particularly affect younger households; and thus in understanding the scale of the affordability issue, it is important to consider the population structure. As Table 4.7 below shows, Preston has a much larger population aged 25-39 than the other two authorities.

Table 4.7 Population aged 25-39 by Authority, 2018

Age	Chorley	Preston	South Ribble	Central Lancashire
25-29	6,800	11,600	6,400	24,800
30-34	7,600	9,400	6,600	23,600
35-39	7,400	9,000	6,500	22,900
Total 25-39	21,800	30,000	19,500	71,300
% HMA Total	31%	42%	27%	100%

Source: ONS 2018 Mid Year Population Estimates

- 4.48 The effect of the relative size and structure of the population combined with the relative affordability of housing across the three areas is that there is a greater proportion of people affected by affordability issues in Preston. This is clear looking at the affordable housing analysis in the Housing Study (CD8.11) in Section 5 therein.

- 4.49 In Table 4.8 below I have left aside supply, and just shown the gross need for rented affordable housing (derived from Table 5.6 in the Housing Study (CD8.11)) and the gross need for affordable home ownership products (derived from CD8.11 Table 5.9). Combining these, the relative need shown is a function of the affordability of market housing (both to buy and rent). This analysis shows that 43% of the households affected by affordability issues in the HMA are in Preston, and 28% in each of Chorley and South Ribble. This is relatively consistent with the MOU distribution.

Table 4.8 Gross Households in Need of Affordable Housing

Gross Need	Chorley	Preston	South Ribble	Central Lancashire
Rented	501	881	482	1864
Rent-to-Buy Gap	92	25	115	232
Total	593	906	597	2096
% Central Lancs Total	28%	43%	28%	100%

Source: Derived from Housing Study Tables 5.6 and 5.9

4.50 Drawing on Census based indicators of the distribution of overcrowded and concealed families in Central Lancashire, as set out in Table 4.9 below, again I find that the greatest concentration of households is in Preston. The prevalence of these issues are symptoms of affordability pressures.

Table 4.9 Overcrowded and Concealed Households, 2011

	Chorley	Preston	South Ribble	North West
Overcrowded Households, 2011	1692	4292	1396	7380
	23%	58%	19%	100%
Concealed Families, 2011	339	814	444	1597
	21%	51%	28%	100%

Source: 2011 Census/ SHMA Tables 72 and 74

4.51 **My analysis above demonstrates that the greatest volume of households affected by affordability issues in Central Lancashire is in Preston. The MOU distribution aligns to this and can thus be expected to be more effective in addressing the symptoms of affordability issues in the Housing Market Area than using the standard method figures for individual local authorities.**

5. ASPECTS OF THE MOU DISTRIBUTION

5.1 I respond below to Mr Donagh's observations concerning the central city deal (Donagh Paras 4.9 – 4.14), and the basis of the distribution adopted in the MOU (in particular Donagh Paras 4.3 and 4.25).

Supporting the Central Lancashire City Deal

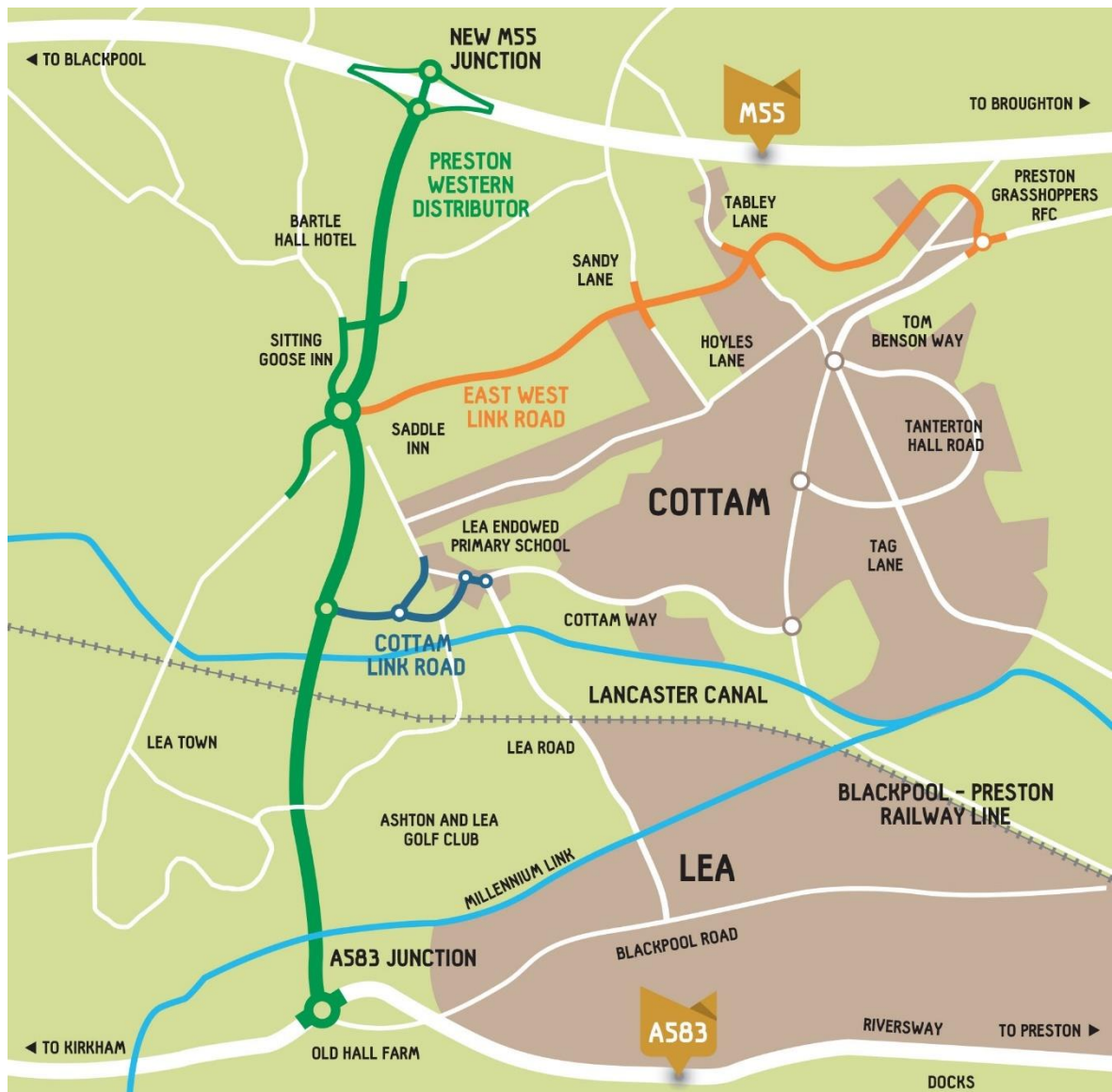
5.2 Mr Donagh contends in Para 4.10 in his Proof that the assertion within the MOU (CD7.23) that standard method distribution will undermine the City deal is unsubstantiated and does not withstand scrutiny. I disagree and consider that it is necessary to consider further what the City Deal is.

5.3 The City Deal (CD7.49) represents an agreement with Government to support growth in Preston and South Ribble by addressing strategic transport infrastructure constraints, and funding the delivery of transport improvements which facilitate new housing and employment development in the two authorities. It represents a major joint commitment to the funding and delivery of infrastructure to bring forward:

-
- Preston Western Distributor - which will improve access to the Warton EZ site and Springfields nuclear facility at Salwick; and enable comprehensive development of the 4000 dwelling North West Preston strategic housing allocation;
 - South Ribble Western Distributor – doubling vehicle capacity between Preston City Centre and the motorway network; enabling the full development of the Cuerden strategic employment site and adjacent Lancashire Business Park and unlocking housing sites for 2,700 homes;
 - Broughton Bypass – a new road which will unlock housing sites to support delivery of 1,400 homes and enable full development of employment sites in East Preston;
 - Penwortham Bypass – completing the Penwortham Bypass to address both local congestion and that in Preston City Centre.

5.4 The major infrastructure improvements in North West Preston are shown in the Plan below, Figure 5.1:

Figure 5.1 Major Infrastructure Improvements in North West Preston



5.5 It is important to recognise that this infrastructure investment however does not just support housing and employment growth in Preston, but in South Ribble as well. Mr Donagh’s evidence seems to focus only on Preston. A major component of the City Deal is a recognition of the economic growth potential in Preston and South Ribble. As set out in the City Deal between the authorities and Government (CD7.49, p2):

“as well as representing nearly half of Lancashire’s economic wealth, the City Deal area [i.e. Preston and South Ribble] also outstrips the majority of England’s Core Cities for scale and level of performance. Preston has independently been identified by the Centre for Cities and other analysts as a location that can consistently deliver new jobs and economic growth ... At present, nowhere in England north of the M25, has a higher employment density level than Preston, meaning that there are more people of working age working in Preston than living in

Preston. The City Deal area is clearly the key employment generator for the whole of Lancashire.

However, in order to unlock further significant levels of market driven growth and private sector investment, a more strategic and ambitious approach is required to remove the existing critical infrastructure barriers to enable sustainable housing and economic growth. This will allow the area to help realise its full economic potential. The current deleterious effect of the network capacity issues are well documented by studies which show peak traffic flow blockages on the local highway network.”

5.6 The infrastructure investment is funded through the £434 million City Deal Infrastructure Delivery programme. This comprises £72m funding from the Department for Transport’s Local Major Transport allocation, local retention of value uplift from Homes England land sales, and investment from Local Councils through New Homes Bonus receipts, Business Rates, land receipts and mainstream capital programmes. As CD7.49 sets out on page 5 *“The City Deal funding model is underpinned by a staged repayment of the base value of HCA sales receipts to the Department for Communities and Local Government (DCLG) over the City Deal period as the sales arise, with the additional value of up to £37m retained in the City Deal area.”* **The pace of housing delivery is thus an important influence on the funding model for the infrastructure delivery**, as these will influence New Homes Bonus receipts and payment of land receipts upon sale of public sector land.

5.7 It is thus appropriate to focus housing growth within the Central Lancashire HMA within Preston and South Ribble as:

- This is where there is a concentration of existing employment opportunities with a higher concentration of jobs than residents (as shown in Figure 4.4 herein), and where future employment sites and infrastructure investment is concentrated; and is can reasonable be expected to be the focus of employment growth in the Travel to Work Area. Locating homes close to jobs will help to reduce the need to travel and promote use of sustainable modes, consistent with the NPPF.
- The funding model for the delivery of major infrastructure is reliant on housing being delivered at pace, and the MOU distribution needs to support this. Use of the standard method distribution which resulted in potentially further significant land releases in Chorley, which is within a common housing market and travel to work area, could influence the build-out rate of sites within the City Deal area undermining this. Mr Donagh’s approach of seeking to monitor and manage housing delivery using the standard method figures for individual authorities would see the model for the funding and delivery of major infrastructure in the City Deal area collapse.

5.8 It seems probable that housing market conditions in the short-term will be weaker than has been the case over the last few years. This is all the more reason for the need for the MOU approach to focus in a sustainable way which supports the City Deal objectives.

5.9 Notwithstanding the points above, I consider that the MOU represents a reasonable approach to the distribution of development in Central Lancashire consistent with the NPPF's core focus on achieving sustainable development. I explore this further below.

The MOU Distribution

5.10 Mr Donagh's Proof questions the basis of the distribution in the MOU and how this was determined (Donagh Paras 4.3 & 4.25).

5.11 The distribution has taken account of a range of factors as listed in the Housing Study (CD8.11 Para 4.49). I consider that this is a sustainable approach – consistent with the core thread of the NPPF – rather than being driven by mechanistic calculations implied by the standard method. The standard method calculation works: it takes projections of household growth (which are particularly driven by demographic trends over the 2009-14 period) and then uplifts these based on an area's median house price to earnings ratio (See Figure 5.1 below).

Figure 5.1 How the Standard Method Works



5.12 In Central Lancashire this results in a distribution which if the local authority figures were adopted would promote 56% of the area's total housing need in Chorley. I can find no basis in a range of wider data for this distribution of development; nor do I consider that Mr Donagh's evidence provides any robust justification for this.

5.13 Mr Donagh raises issues in Section 5 of his Proof regarding the consideration of constraints in appraising housing need/ requirements. The assessment within the Housing Study (CD8.11) did

have some regard to supply-side factors and development constraints, including urban capacity and land subject to nationally significant constraints, alongside needs-based factors in considering the appropriate housing distribution in particular to ensure the realism of the recommendations. These were however not determinative. It would be reasonable to arrive at the same conclusion on the distribution of development across the authorities if needs-based factors alone are considered.

- 5.14 Table 5.1 below recounts the needs-based factors identified in Table 4.14 of the Housing Study (CD8.11). The recommended distribution sits within the range shown for each of the three authorities.

Table 5.1 Needs based Influences on Distribution

	Chorley	Preston	South Ribble
Jobs Distribution	22%	48%	30%
Population Distribution	32%	38%	30%
Affordability Distribution	36%	28%	36%
Affordable Housing Need Distribution	22%	42%	35%
Workforce Distribution	32%	38%	30%
Range	22 - 36%	28 - 48%	30-36%
Recommended Distribution	27.5%	40.0%	32.5%

- 5.15 Preston has the highest share of population/workforce and employment opportunities of the three authorities, and the highest affordable housing need as shown in Table 5.1. As I have set out in Section 4, the proportion of households affected by affordability issues in Central Lancashire is focused towards Preston (see Tables 4.7 – 4.9 herein). It is the highest order centre with the greatest range of services, including retail. Most of the needs-based indicators considered thus indicate that Preston should see 38% or more of the housing provision.
- 5.16 Whilst Chorley has a higher affordability ratio this is in part a reflection of the profile of housing sales of different types of properties, rather than an underlying difference in housing costs as my analysis in Table 4.2 herein has shown. Delivering market housing in Preston, where values for entry-level are typically lower (see Table 4.2 herein), and where employment opportunities are concentrated (as shown in Tables 4.5 and 4.6 herein), is delivering housing which is accessible to a greater range of households.
- 5.17 For Chorley, the distribution recommended is below the current population/ workforce figures, but this is an appropriate approach given: the low proportion of jobs in the area (as shown in Tables 4.5 and 4.6 herein); a trend of static employment levels (Table 4.6) and low proportion of households in affordable housing need (see Table 5.1 above).

-
- 5.18 For South Ribble, the distribution is similar to and slightly above the current proportion of population and jobs/workforce. This is reasonable given: its proximity and close relationship to Preston as the largest employment centre; employment trends (Table 4.6) and delivery of strategic employment sites such as Cuerdon/ Lancashire Central; and the higher proportion of affordable housing need in particular (see Table 5.1).
- 5.19 Within the Housing Study we did work to ensure that the housing distribution recommended was reasonable based on needs-based factors alone. I consider that the MOU distribution of development is thus a reasonable basis for considering the requirement against which the five year housing land supply is calculated.

A1. EXTRACTS FROM CORE STRATEGY INSPECTOR'S REPORT



The Planning
Inspectorate

Report to the Central Lancashire Authorities (Preston City Council and South Ribble and Chorley Borough Councils)

by Richard E Hollox BA(Hons) BSc(Econ) MPHIL FRTPI FRICS

an Inspector appointed by the Secretary of State for Communities and Local Government

Date: 7th June 2012

PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED) SECTION 20

REPORT ON THE EXAMINATION INTO THE CENTRAL LANCASHIRE PUBLICATION CORE STRATEGY LOCAL DEVELOPMENT FRAMEWORK DEVELOPMENT PLAN DOCUMENT

Document submitted for examination on 31 March 2011

Examination Hearings held between 28 June & 12 July 2011 and on 6 March 2012

File Ref: PINS/D2320/429/7

and has a realistic chance of achieving the objective of meeting the needs of different groups in the community. The Local Plan is sound in these respects.

Issue 5 – Whether the Local Plan's approach to economic development and the protection of employment land is clearly articulated, sufficiently justified and in line with national policy

General Approach

66. Since the initial preparation of the Local Plan, the Chancellor of the Exchequer has published proposals to help rebuild Britain's economy, including a Plan for Growth, and on 23 March 2011 the written Ministerial Statement, Planning for Growth, was published. This sets out the Government's commitment to reforming the planning system so that it promotes sustainable growth and jobs. There is a pressing need to ensure that the planning system does everything it can to help secure a swift return to economic growth, and the Local Plan anticipates much of this initiative by acknowledging the considerable economic growth potential of Central Lancashire and by promoting long term sustainable economic growth of the right type, in the right locations and of generally the right amount.
67. Policy 9: Economic Growth and Employment sets out the employment land requirements and identifies sustainable locations where economic development will be concentrated. For the most part it will be closely related to residential and other development, thereby providing opportunities for sustainable travel patterns, including walking to work. A possible exception is Samlesbury, at some distance from large residential areas, but it makes sense to identify this location to provide for the expansion of BAE Systems and/or for similar or associated enterprises like advanced aerospace manufacturing. It accords with the policy in the Framework to plan positively for the location, promotion and expansion of clusters or networks of knowledge-driven, creative or high technology industries. These Policies complement others, particularly Policy 1 and Policy 11: Retail and Town Centre Uses and Business Based Tourism which are soundly based upon sustainability principles. Continued liaison with University, colleges, training agencies and local employers should improve skills and economic inclusion, as promoted by Policy 15: Skills and Economic Inclusion.
68. Policy 9 provides for the identification of 501 ha of land for employment development during 2009-2026. These figures are in the context of the 1,363 ha in RSS Policy W3 Table 6.1 for the 14 Lancashire Authorities' areas during 2005-2021. The RPB advised the Councils to update the RS figures, using 2008/09 data and project them to 2026, the end of the plan period. Using the same methodology as in Table 6.1, the Councils estimate an overall Lancashire requirement of 1,132 ha comprising supply (987 ha) + extra allocation (145 ha). To disaggregate this 145 ha extra allocation to each of the constituent authorities, the RPB suggested 4 alternative methods. It was understood that all the Lancashire Authorities were advised of these methods to inform the preparation of their own Local Plans, and the RS expects the Authorities and other partners to work together to agree the distribution of land within each sub-region, the RPB facilitating this approach (RS paragraph 6.12). The advantages and disadvantages of each method are convincingly explained in detail in the ELR Background Topic Paper (BTP) SD14. Owing to

such marked disadvantages as outdated (Scenarios 1a and 1b) and inconsistent (Scenario 2a) data, the Councils rightly chose Scenario 2b.

69. Scenario 2b is based on the requirement of each of the 3 Authorities providing the same percentage share of the Lancashire total as constituted their supply in 2008 (372 ha). Thus the Preston supply of 90.99 ha was 9.22% of the overall Lancashire supply in 2008 (987 ha). Comparative figures for South Ribble were 183.70 ha (18.61%) and for Chorley 97.46 ha (9.88%). On this basis, the amount of additional land expected from each Authority towards the Lancashire extra allocation of 145 ha was 13.37 ha (Preston), 26.99 ha (South Ribble) and 14.32 ha (Chorley), a total of 54 ha or so which would be 37% of the total Lancashire requirement. This approach may perpetuate an existing imbalance in Central Lancashire, a matter no doubt considered by the RPB, but as the plan area functions as one integrated local economy, travel to work area and single housing market area, any such disadvantage is not fatal to the methodology or its outcome.
70. Further work has been undertaken based upon the 2009 supply figures of 107 ha (Preston), 179 ha (South Ribble) and 91 ha (Chorley), a total of 377 ha. An allowance has been made for losses from employment to non-employment uses during 2009-2026, based upon average annual losses during the 5 years up to 2009. For this 17 year period, it is estimated that 11 ha will be lost in Preston, 35 ha in South Ribble and 24 ha in Chorley, a total of 70 ha. Continuing with the same percentages, the Councils estimate an additional requirement of 13 ha (Preston), 27 ha (South Ribble) and 14 ha (Chorley), again bringing the Central Lancashire total to 54 ha. Hence the 501 ha for which Policy 9 provides comprises 377 ha (2009 supply), 70 ha (allowance for losses) and 54 ha (additional provision).
71. To accord Policy 9 better with the plan period, the Councils calculate that during 2009/10 there was a take up rate of 7.23 ha in Preston, nil in South Ribble and 5.15 ha in Chorley, a total of approximately 12 ha. This helpfully updated figure has been deducted from the 501 ha in the Policy to the 489 ha (2010-2026) of the Suggested Examination Hearing Changes. Prediction is an inexact science, especially at a time of economic uncertainty. Reasonably, however, the Councils have adopted the methodology set out in the RS, updating the data so as to relate it better to the plan period. Owing to such considerations as the importance of such centres as Preston, Leyland and Chorley in Lancashire, the economic potential of Central Lancashire and the Government's emphasis on economic growth and employment, it is reasonable for the 3 Authorities to account for 37% or so of the estimated employment land requirement for Lancashire.
72. Policy 10: Employment Premises and Sites seeks the protection of these existing resources to ensure future sustainable economic growth during the plan period. It accords with the policy in the Framework to plan proactively to meet the development needs of business and support an economy fit for the 21st century. The Policy is firm, but sufficiently flexible in accepting that, provided certain criteria are met, some sites and/or premises may be suitable for re-use and/or redevelopment other than for Class B uses. This approach accords with the requirement in the Framework to avoid the long term protection of sites allocated for business use where there is no reasonable prospect of a site being used for that purpose.

73. Even so, new businesses often start in existing buildings on small sites where rents are relatively low and in locations where there is opportunity for employees to walk to work. Poor quality sites and premises may, therefore, have an economic value greater than their appearance might suggest. Some premises may have been held back in the hope of a more beneficial planning permission for housing, and the resistance of Lancashire County Council to the loss of employment land is noted. Instead of expecting the loss of as much as 70 ha on the basis of present trends, the Councils may wish to include no more than about half of it (35 ha) in their calculations. Any such additional modification would accord with the somewhat more rigorous stance introduced by the minor re-wording to the Policy of the Suggested Examination Hearing Changes and the need to protect suitable sites for new employment generating businesses. It would reduce the total to 454 ha, including existing supply. The Councils may wish to give this matter further consideration in the preparation of the Site Allocations DPDs. In so far as such an approach could be construed as seeking to achieve a strong, competitive economy, assisting the establishment of new businesses, it need not conflict with the Framework.
74. Policy 13: Rural Economy complements a number of policies, especially Policy 1. It strikes a balance between the need to protect the environment, including the intrinsic character and beauty of the countryside, and stimulating employment in District and Local Centres and encouraging the suitable conversion of farm and other buildings. It also supports rural based tourist attractions. Much, of course, will depend upon the particular circumstances of the proposals, but this and other relevant policies are a useful start in the determination of planning applications.
75. The evidence base is comprehensive, thorough and convincing. It includes the ELR, the BTP and the well-ordered Note for Inspector. The Councils have closely consulted the RPB which accepted *that the additional provision to 2026 figures generally complies with the approach undertaken in Table 6.1 of Policy W3 of the RS*. The Local Plan sets out a clear economic vision and strategy for Central Lancashire which positively and proactively encourages sustainable economic growth. It is effective, justified and accords with national policy, particularly those aimed at fostering economic growth and employment. In these respects it is sound.

Issue 6 – Whether the Local Plan convincingly sets out the role of Preston City Centre, suitably protecting and enhancing its vitality and viability without serious detriment to other town centres, and whether suitable provision for other centres is being made

Preston - Role, Capacity and Need

76. Policy 11: Retail and Town Centre Uses and Business Based Tourism sets out a 3-tier hierarchy of centres as a basis for a scale of development appropriate to each tier, but consistent with character. The scale should also take account of such considerations as capacity, need, competition and consumer choice. The key elements of the hierarchy are Preston City Centre, the Principal Town Centres of Chorley and Leyland and 7 District Centres, including those proposed at Buckshaw Village and Cottam. New economic growth and the development of main town centre uses will therefore be focused on existing

A2. PROFILE OF MAJOR HOUSING SITES IN PRESTON

Cottam

- A2.1 The Cottam strategic site comprises mostly greenfield land to the north west of Preston’s City Centre, as well as the derelict urban brownfield Cottam Brickworks site. The greenfield land – known as Cottam Hall - is owned by Homes England and forms part of a larger Central Lancashire New Town urban extension that commenced in the 1980s but is only about half complete. Across both sites, around 1,300 homes are expected to be delivered in total.
- A2.2 Phase 1 on the Cottam Hall site (104 homes) has been built out. Phase 2 (283 homes) and Phase 3 (119 homes) have planning permission and are coming forward. Phase 4 has RM approval for 141 homes. Phases 5 and 6 will be brought forward in due course with Phase 6 expected to come forward first. On the Cottam Brickworks site, there is currently no PP in place and negotiations are ongoing between Homes England and the landowner.
- A2.3 The Preston Western Distributor Road and the Cottam Link Road will help support housing delivery at Cottam. The scheme is scheduled to open early in 2023 and is now expected to cost £200m. A new parkway railway station is also expected at Cottam with £40m secured from the Transforming Cities Fund.

Table A2.1 Components of Cottam Strategic Site (MD1)

Cottam Sites	Total Homes	Homes Completed	Homes with Extant Planning Permission
Cottam Hill	1,016	213	647
Cottam Brickworks	284	0	0

Source: Homes England Data, as at 1st Jan 2020

North West Preston

- A2.4 North West Preston comprises greenfield land south of the M55 stretching from west of the Cottam area eastwards to the areas known as Bartle (east of Sandy Lane, north of Hoyles Lane / Lightfoot Lane, south of the M55), and extending east of the A6 to incorporate land north of Eastway / south of the M55.
- A2.5 The strategic location for growth is complementary to the strategic site at Cottam and provides a rounding off of the urban form of Preston with a clearly defined boundary of the M55 to the north, M6 to the east and the local authority boundary with Fylde to the west.

A2.6 There are a number of land parcels within North West Preston which collectively have the capacity to deliver over 5,000 homes. Overall, there are over 10 different housebuilders on site. The key sites are set out in the Table below.

A2.7 A new motorway junction off M55, the Preston Western Distributor and East West link road will open up access to North West Preston. Development at the eastern end of the strategic location is also being supported by a new highway link between Eastway and the newly opened Broughton By-Pass (funded by the City Deal).

Table A2.2 Components of North West Preston (MD2)

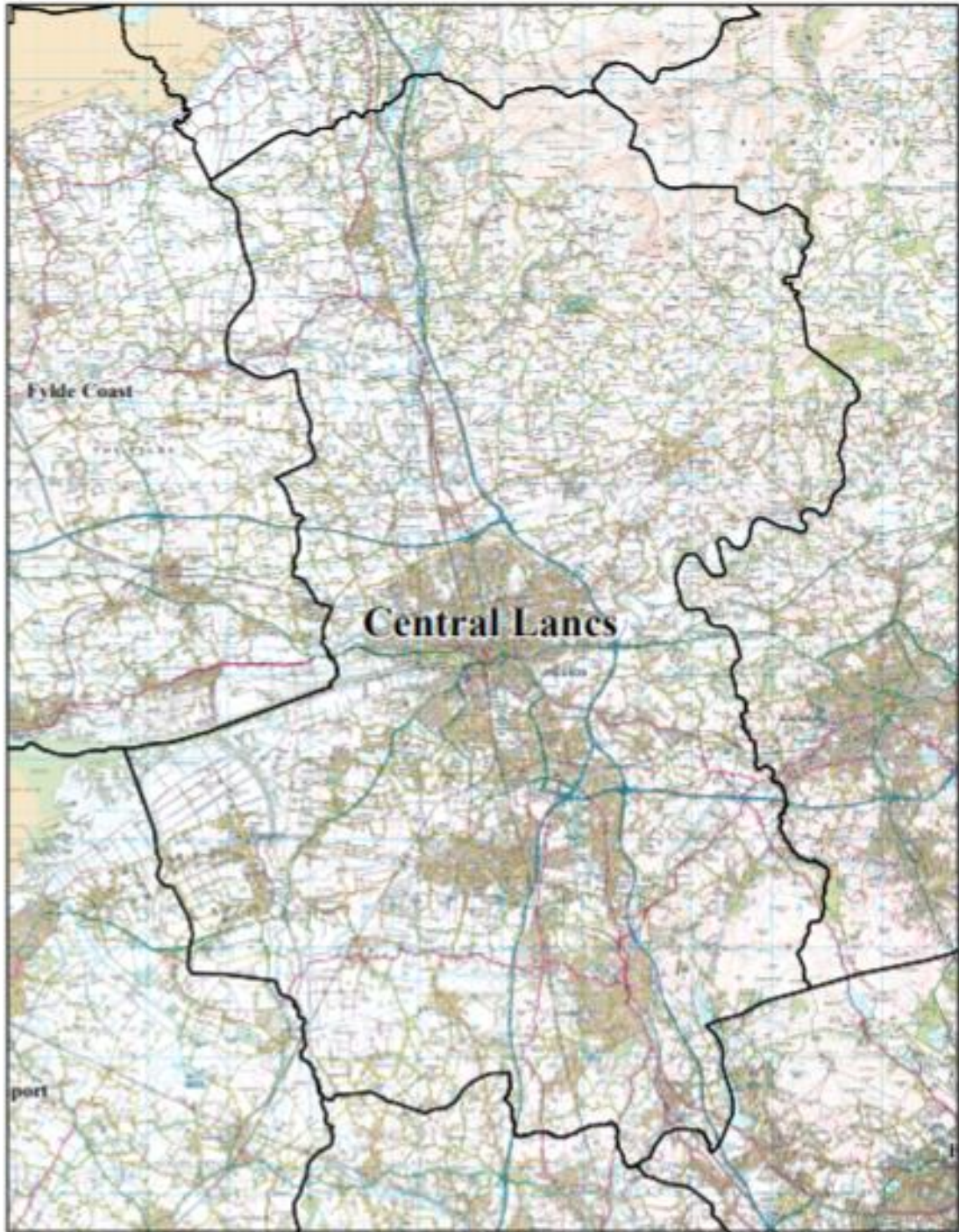
NWP Sites	Total Homes	Homes Completed	Homes with Extant Planning Permission
Maxy House Farm	300	246	300
Hoyles Lane	350	103	350
Haydock Grange	450	170	450
Eastway	205	82	140

Source: Preston Annual Monitoring, as at 1st April 2020

A3. CENTRAL LANCASHIRE BROAD RENTAL MARKET AREA

Central Lancs

Valuation Office Agency
Incorporating Rent Officer functions



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