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**Response to Hearing Session  
Questions Relating to Session 2 –  
Housing Need and Supply**

Redrow Homes

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30300/02

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1.0 **Introduction**

1.1 This report provides a response to questions raised by the Inspector in the hearing session agenda for “Session 2: Housing Need and Supply”. These representations should be read in conjunction with our previous submissions on behalf of Redrow Homes (Representor Number 851.1).

2.0

## **Housing Requirement**

### **Qn1a. Does the evidence support the proposed level of housing requirement? In particular:**

#### **i) Why is the projected dwelling requirement 2,000 less than the 2008-based Welsh Government household projection figure when the projected population is the same?**

- 2.1 PPW requires that the latest household projections should form the starting point for assessing housing requirements and that deviation from them should be justified. The latest 2008 based Welsh Government (WG) projections estimate a household increase of 11,000 over the 15 year period 2008-2023 to which needs to be applied a dwelling conversion factor.
- 2.2 As set out in our representations at the Deposit stage NLP does not consider that the Council's revised Background Paper 2 on Housing and Population (subsequently updated May 2012) properly justifies the decision to deviate from the WG figures. The economic led assumptions that underpin the Council's projections are not consistent with the Council's proposed LDP economic policies or regeneration objectives. NLP therefore reiterate our 2011 representations which concluded that the job and housing strategies are not aligned and thus insufficient housing is to be provided to meet future needs.
- 2.3 As well as issues of alignment between LDP housing and employment objectives, NLP's representations at the Deposit stage raised issues with regards with the methodology underpinning the Council's dwelling requirement figure.
- 2.4 NLP note that the CE forecasts differ from the latest 2008 WG projections by:
- constraining net migration to their estimate of employment change so that it is a forecast rather than a projection of past trends;
  - the use of 2006 based rather than 2008 based data; and,
  - applying different average households size figures than arise from the WG projections resulting in a significantly lower level of household growth.
  - The simplistic use of average household size figures to convert the population forecast to a household figure rather than applying more detailed local headship rates as employed in the WG household projections.

## Population Projection

- 2.5 Table 4 of Background Paper 2 sets out the CE 2009 based population forecast which we understand underpins the housing requirement figure. As illustrated by table 2.1 below the CE population projection to 2021, whilst lower than the WG 2006 based population projection, is similar in scale to the more recent WG 2008 based population projection over a fifteen year period.

Table 2.1 Comparison of Population Projections

	<b>2006</b>	<b>2008</b>	<b>2021</b>	<b>2023</b>	<b>Change</b>
<b>CE</b>	132.6		144.6		12
<b>WG 2006</b>	132.6		146.0		13.4
<b>WG 2008</b>		133.9		146.0	12.1

Source: Background Paper 2 and WG Population Projections 2006 & 2008 based

- 2.6 Paragraphs 4.3.4 – 4.3.5 of Background Paper 2 (BP2) explain that the CE methodology retains WG data on Natural Change (and relative attraction of areas to immigration) and then augment them with a view of overall migration into Wales informed by CE analysis of prospects for the Welsh economy. It is noted that generally CE's view on net in-migration for Wales is lower than assumed by the WG projections.
- 2.7 Whilst the population forecasts produced by CE are similar to the most recent projections produced by WG it is important to note from table 6 of BP2 that the migration element is based on an economic forecast for the loss of 600 jobs in BCBC over the plan period. The Background Paper and LDP are silent on whether this assumption of job loss also informs the plans economic and regeneration strategy, but given the scale of new employment allocations it is assumed that the LDP is seeking a more positive economic future than that assumed within the CE population and associated household projection.
- 2.8 The LDP Vision seeks to transform Bridgend County Borough by 2021 with a catalyst for this transformation being 'a successful regional employment, commercial and service centre in Bridgend'. This vision does not seem to accord with a housing requirement figure that is based upon a forecast of economic decline. The housing requirement figure needs to reflect the planning led vision for regeneration and transformation of the County Borough. The LDP Vision is given greater clarity through the LDP Objectives in section 2.2 which again appear to focus on economic growth and regeneration rather than planning for economic decline and its associated impact on housing demand.
- 2.9 If the CE were to re-run the projection based upon the positive economic policy led assumptions underpinning the LDP, NLP consider that the net in-migration rates would be significantly higher resulting in a higher total population.

2.10 NLP note that as of 1<sup>st</sup> November 2012 the Cardiff LDP Preferred Strategy is now out for consultation. Cardiff Council is proposing a level of household growth significantly below the WG 2008 based household projections on the basis that the WG projection has over estimated net international in-migration to Cardiff. They rely on a report by Edge Analytics (see attachment) that has reviewed the migration evidence within SE Wales and redistributed it by local authority area on the basis of what they consider to be more robust data. The Edge Analytics report indicates that the population of Bridgend County Borough Council was underestimated by approximately 3,000 over the period 2008-2028.

2.11 It is unclear what cross boundary dialogue there has been between these self acknowledged key drivers of economic growth within SE Wales. At present both LPAs propose under providing housing against WG projections and it is unclear where this shortfall is to be met given the neighbouring authorities of RCT and Caerphilly already have adopted LDPs.

### **Conversion to Household Projection**

2.12 Given that the population projections are broadly similar the only explanation for the difference in household projections produced by WG & CE can be the conversion methodology used from population to households. I refer to this in more detail in my response to the next question.

2.13 WG Population and Household projections are derived from analysis of past trends within local authority areas. This analysis looks at patterns of births, deaths and migration within and between local authority areas. The WG conversion of the population to household projections is based upon application of local headship rates characteristic of the local authority area. It is unclear from Background Paper 2 whether CE has used the WG locally based data or relied on national data sets that have then been apportioned to Bridgend.

2.14 In the absence of any robust evidence to justify deviation, the LDP should rely on the housing requirement derived from the WG 2008 based projections in line with the requirements of Planning Policy Wales.

### **ii) To what extent does this relate to different assumptions about household size and, if so, are they justified?**

2.15 BCBC has not explained or justified their assumed reduction in average household size from 2.31 in 2006 to 2.18 for 2021 (-5.6%). The latest WG 2008 based household projections give a reduction in average household size from 2.27 in 2008 and 2.08 for 2023 (-8.3%). The WG 2006 based household projections estimated a reduction in average household size from 2.31 in 2006 to 2.11 in 2021 (-8.7%). It is unclear whether the lower CE rate of change is simply an error as the indication

from the background paper is that they have sought to use WG household size data.

- 2.16 The impact of CE's assumptions regarding average household size has a very significant impact upon projected household numbers and the associated dwelling requirement. This is highlighted in the table below:

Table 2.2 Alternative Household Projections

	<b>2006</b>	<b>2021</b>	<b>Change</b>
<b>CE Population</b>	132,600	144,600	
<b>CE Households (2.31-2.18)</b>	57,400	66,300	8,930
<b>WG Households (2.31-2.11) 2006 based</b>	57,400	68,530	11,130
<b>WG Households (2.27-2.08)</b>	58,150 (2008)	69,183 (2023)	11,033

- 2.17 It is clear from the above that when the correct WG household average size for 2006-2021 is applied to the CE population forecast that the household growth is 2,200 more than currently estimated by CE.
- 2.18 Appendix 2 of Background Paper 2 Population and Housing provides a very limited explanation of the CE methodology for converting population to households. It appears from paragraph 2.4 to 2.5 of BP2 that the CE projections are derived from the 2006 based WG projections and it is therefore unclear why the average household size for 2021 departs so radically from those projections.
- 2.19 In any event NLP consider that the WG approach of using headship rates in calculating dwelling requirements is more robust than CE's approach which appears to be based solely upon an assessment of average household size. The CE approach is overly simplistic and fails to take proper account of the complexities of household formation. Average household size is an output of the application of household formation rates to a population and can not be relied upon in converting population to households, particularly in the current situation where the CE forecasts have derived the population total using a different methodology to that employed by WG.
- 2.20 The absence of any justification for the use of 2.18 as the average household size in 2021 means that this cannot be relied upon and instead the Council should rely upon either of the most recent WG household projections of 11,130 (2006-2021) or 11,033 (2008-2023). These should be considered a minimum given NLP's concerns that the population projection is based upon economic decline rather than the LDP strategy of growth and regeneration.

**iii) To what extent does it relate to the Council's assumption that all the additional dwellings will be fully occupied with none of the vacancies that occur in the existing stock and, if so, is that justified?**

- 2.21 The Council's assumption that all additional dwellings will be fully occupied is flawed and, as considered within our previous representations, artificially suppresses the housing requirement.
- 2.22 Our representations considered that an allowance of 3.5% should be made to reflect the level of vacancy and second home ownership in Bridgend.
- 2.23 The Council do not consider that the vacancy rate seen in the existing housing stock will be seen in new developments. However, we strongly disagree with this simplistic assumption as a level of transactional housing vacancy is required to ensure the effective operation of any housing market.
- 2.24 If an allowance of 3.5% is allowed for on top of the WAG 2006-based housing figure of 11,130 dwellings, this would increase the requirement to 11,520 dwellings.

**iv) To what extent is the variation explained by any other factors and are these justified?**

- 2.25 As discussed, we do not consider that the variation has been adequately justified and thus, in the absence of any robust evidence, the LDP should rely on the housing requirement derived from the WG 2008 based projections in line with the requirements of Planning Policy Wales.

**Qn1b. Would the Council please provide a copy of the Welsh Government 2008 based Population and Household Projections as they apply to Bridgend including any necessary alignment with the LDP period?**

- 2.26 Noted.

**Qn2a. How in principle might an additional 1,000 to 1,100 dwellings be allocated whilst remaining in accord with the spatial strategy?**

- 2.27 NLP consider that the housing requirement figure should be increased by approximately 2,500 to 11,500 dwellings for the reasons explained above and in our Deposit LDP representations.

- 2.28 As discussed within our previous representations, whilst we are supportive of the overall settlement strategy, it is not considered that the Council has balanced the housing requirement against the strategy for economic growth. Thus, it is considered that the spatial strategy is flawed. In particular, we strongly consider that additional housing development should be directed to the settlements with potential to act as the key economic drivers for the county borough i.e. Bridgend and Pencoed which also have significant sustainability credentials.
- 2.29 Bridgend as the largest settlement with the highest level of jobs and services is the most sustainable location for development and should be the starting point for additional allocations. It is not considered that there is sufficient brownfield land within Bridgend to accommodate an appropriate proportion of the additional dwellings required. Therefore, greenfield sites will need to be released for development. On this basis, it is considered that our client's site, 'land at Llangewydd Road, Cefn Glas' (candidate site reference 796.B1) should be allocated for residential development.
- 2.30 In relation to Pencoed, a review of the distribution of housing allocations does highlight a mismatch between projected employment growth and housing provision in this important higher order settlement.
- 2.31 Despite there being very limited development opportunities within the existing urban boundary of Pencoed, the Council has not sought to amend the existing UDP boundary to incorporate any additional sites. Consequently, land for just 70 residential units has been allocated within the limits of Pencoed.
- 2.32 This very low level of housing growth is completely at odds with Pencoed's position within the settlement hierarchy and the fact that significant job growth is being directed to the settlement given the allocation of Pencoed Technology Park as one of four 'Strategic Employment Sites' (allocated to provide an additional 5ha of high quality employment development) as well as the extant consent at Bocam Park for additional employment development and a hotel.
- 2.33 It is therefore considered that additional dwellings should be directed towards Pencoed in order to better align housing and economic growth. Indeed, there is significant need to release Greenfield land within Pencoed so it is able to grow, reinforcing its role as a main settlement and as a strategic employment area and deliver internal LDP consistency between housing and employment growth.
- 2.34 On this basis, land at Pencoed Farm and Broomfield Farm, which is suitable, available and deliverable, should be included within the settlement boundary and released for immediate development.

## **Qn2b. What is the specific justification for these higher figures in terms of:**

### **i) Housing need?**

- 2.35 Our representations clearly demonstrate that CE has not adequately justified the proposed deviation away from the WAG 2008-based figures. Thus, the housing requirement should be derived from the WAG 2008-based projections in line with the requirements of Planning Policy Wales.
- 2.36 On this basis, the housing requirement should be increased by some 2,500 dwellings in order to meet the identified need.

### **ii) Any flexibility allowance in excess of the defined need?**

- 2.37 As discussed, we consider that the LDP should rely on the housing requirement derived from the WG 2008 based projections in line with the requirements of Planning Policy Wales. On this basis, the housing requirement should be increased by some 2,500 dwellings in order to meet the identified need.

## **Qn2c. Could housing provision at these levels be accommodated within the LDP spatial strategy or would it require a different strategy?**

- 2.38 Whilst we are generally supportive of the spatial strategy, the need to strengthen and maintain the role of the south-eastern part of the County Borough as a driver for future prosperity has been neglected, which is seen as a significant weakness. This weakness in relation to the spatial strategy was repeatedly identified in our representations to the candidate site assessment procedure (November 2009) adopted by the Council as well as our representations to the draft LDP in both March 2009 and September 2011.
- 2.39 Our previous representations specifically identified a need for the Council to recognise Pencoed alongside Bridgend, Porthcawl and Maesteg as a hub for services, employment, housing and retail developments in **NR1** as well as recognise it as a settlement for growth throughout the LDP.
- 2.40 Despite Pencoed being recognised within the LDP as an *“important settlement and defined as a Main Settlement in the hierarchy with important retail, community service and employment provision that meets the needs of its population and the surrounding area”* (Para 2.3.19), the Council has adopted a ‘no significant growth’ strategy for the settlement which is considered to be at odds with the evidence base.
- 2.41 The Settlement Role and Function Study (December 2009) undertaken by Baker Associates scored Pencoed on a par with Bridgend, Maesteg and Porthcawl in terms of employment function, retail and community role,

self containment and sustainable travel options (Table 6.4) and included it within a list of settlements they considered should be “*the focus of future development in the County Borough*” (Para 6.23).

- 2.42 Furthermore, one of the Council’s four strategic employment areas is located adjacent to the settlement boundary of Pencoed with recognition at paragraph 2.3.93 that this development will “*provide local as well as county borough wide job opportunities and contributes to a diverse employment land portfolio*”. A pre-requisite for development of these strategic employment sites is also to ensure access by means other than the private car (paragraph 2.3.83).
- 2.43 Not only does this allocation contradict the ‘no strategic growth’ stance the Council state they are adopting for Pencoed but also, the allocation of employment with no residential growth further conflicts with the other aspirations of the plan e.g. sustainability and carbon reduction targets.
- 2.44 On this basis, we consider that the LDP spatial strategy needs to be amended to include a greater focus on the south eastern section of the County Borough and specifically Pencoed.

**Qn3b. Are there particular reasons why windfall completions were higher in those years and are these conditions likely to be repeated during the LDP period?**

- 2.45 No comment.

**Qn3c. What has been the level of windfall provision since 2009?**

- 2.46 No comment.

**Qn3d. What effect may the non-delivery of some allocated sites within the early years of the LDP period have on overall delivery?**

- 2.47 Our previous representations raised concern that focussing development in regeneration areas, particularly the valley communities which are less attractive to the market, would not achieve the stated objectives of revitalisation and would potentially result in the non-implementation of development schemes.
- 2.48 It was thus recommended that given the links to the M4, the south eastern section of the county borough should be a focus for growth which would be vital in attracting necessary investment and development into Bridgend that would then establish spin-off benefits for the wider area.

**Qn3e. Can the housing on the Porthcawl Waterfront site realistically be built and sold within the remaining years of the LDP period?**

- 2.49 We would strongly question the deliverability of the Porthcawl Waterfront scheme in its entirety over the remainder of the Plan period.
- 2.50 As we understand it, the outline application scheme for Phase 1 of the development received a resolution to grant planning permission at committee in 2009, but to date the S106 agreement has not been signed. The applicant was BCBC.
- 2.51 This initial phase included 450 dwellings, of which a number are proposed to be flats up to six storeys. To start we would question the viability of flats on this site, and in particular, the willingness of a developer to lock up their capital in a flatted scheme where there is doubt about the market. We also understand that a large majority of the land is owned by the Council although to date this land has not been marketed for sale.
- 2.52 Once sold, it is reasonable to assume that there will be a two year lead in period, taking us to the end of 2014/start of 2015. If it is then assumed that completions could be in the region of 90 units per annum (although this is considered to be a generous estimate and is based on more than one private developer being on site), this would equate to approximately 630 dwellings over the remainder of the plan period, which is 47% of the sites total allocation.
- 2.53 On this basis, we consider it highly implausible that this site will be sold and built within the remaining years of the LDP period.

**Qn3f. As there are less than 9 years remaining of the LDP period, what delivery of housing can realistically be expected on the Porthcawl Waterfront site in that period and what annual rate of development would this imply?**

- 2.54 As discussed above, we would estimate delivery to be in the region of 630 dwellings (47% of the total allocation) over the remainder of the plan period based on 90 dwellings per annum. However, we would stress that this is a generous estimate and based on two private developers and an affordable housing provider delivering 30 dwellings per annum each.

**Qn3g. How would the intended 5 year phases bear upon the maintenance of a minimum 5-year supply of housing land as required by Planning Policy Wales?**

- 2.55 It is noted that the published 2011 JHLAS allows for 414 dwellings to be built on the Porthcawl Regeneration site between 2012 and 2016. As discussed above, we would estimate that actual delivery over this period would be 180 dwellings which is 234 dwellings short of the Council's expectations.
- 2.56 This could be significantly damaging in relation to the 5 year land supply and it is likely that the Council will need to consider allocating readily available and deliverable sites in buoyant market areas in order to maintain a 5 year land supply.

**Qn3h. Using existing information would the Council please indicate, by means of a trajectory, when housing commitments and allocations are now expected to be delivered to show how numbers will be distributed across the LDP period?**

- 2.57 NLP would be keen to see a copy of this document.

**Qn3i. Having regard to historic rates of delivery, how likely is it that the higher supply figures implied by implementation of the LDP flexibility allowance, and the still higher figures sought by others, can be achieved?**

- 2.58 Within the Council's Housing and Population Background Paper, it is stated in paragraph 4.4.7 that:  
*"The annual dwelling completions required to achieve WG 2008 Household Projections Requirement (11,213 dwellings 2006 – 2021) amounts to 959 dwellings per annum for the remaining plan period 2012-2021. As can be seen from the historical housing completions (Appendix 1) this level has never been achieved over the last 18 years".*
- 2.59 Whilst it is accepted that delivery rates have been below the current estimate of need, it is not considered that this should be used as a reason to artificially suppress the housing requirement figure. To restrict future requirements to past rates of delivery is a self fulfilling prophecy that would never allow build rates to increase above those previously achieved.

2.60 The housing requirement figure needs to be based upon a realistic estimate of what is actually required and the house building industry should then be given the opportunity to deliver the necessary housing.

2.61 Indeed, as discussed within our representations to hearing session 1, whilst NLP are supportive of the Council's aspirations to secure economic growth through the allocation of a wide range and choice of sites, at present there is a significant misalignment between an economic strategy planning for growth and a housing strategy planning for economic decline.

2.62 It is our view that the LDP should be based on the assumption that the Council is planning for its economic strategy to succeed and should therefore increase its housing requirement figure accordingly to be at least in line with the WG 2008 household projections.

**Qn4a. Is it intended to preclude the development of houses in the countryside to support agriculture or forestry?**

2.63 No comment.

**Qn4b. Would such development exceptionally be allowed for by Planning Policy Wales in any event, particularly as paragraph 4.1.11 refers to exceptions to Policy ENV1?**

2.64 No comment.

# **Appendix 1      Extract from Edge Analytics Report**

# Cardiff Local Development Plan

Population and household projections

*Phase 2 Report*

June 2011

edge analytics

[www.edgeanalytics.co.uk](http://www.edgeanalytics.co.uk)

Cynon, Taff, Caerphilly, Newport and Swansea. As an indicator of population growth in Cardiff, the 'top ten' NET inflows and outflows are then presented.

During 2002-2008, Cardiff's highest average net loss of population through migration (net outflow) was to The Vale of Glamorgan, at 850 per year. Rhondda, Cynon, Taff, Caerphilly, Newport and Bridgend also gained population at the expense of Cardiff.

The net inflows to Cardiff have been much smaller in total, with Swansea, Carmarthenshire and Ceredigion losing the largest populations to Cardiff as a result of the net exchange of migrants.

The age profile of net migration is very striking with a net outflow evident for all ages with the exception of the 15-19 student age-group.

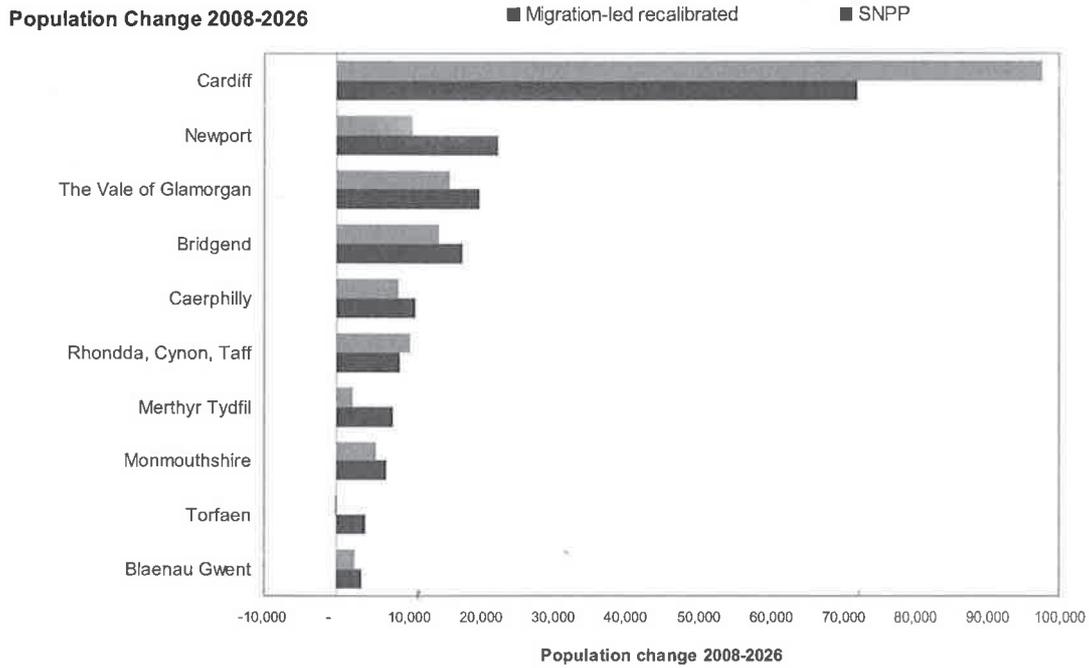
There are therefore some significant migration dynamics taking place to and from Cardiff but the dominant trend is for an overall net outflow, most significantly to The Vale of Glamorgan, balanced by an annual net inflow from the student age-groups.

#### **7.4. Population estimates and projections**

As a test of soundness, local authorities are encouraged to consider the implications of their local development plans upon adjacent areas. Travel-to-work and migration dynamics illustrate the inter-relationships that exist between Cardiff and its geographical neighbours; inter-dependencies for employment, housing and study. Cardiff Council must consider these inter-relationships in the context of the alternative growth forecasts presented in this report.

An important dimension of the growth forecasts is the 'recalibration' of trend-led projections using a more robust methodology for immigration estimation. This dampened Cardiff's WAG, 2008-based population projection, providing a more realistic benchmark against which alternative policy forecasts have been considered. The wider application of the new methodology results in a revised immigration total for Wales overall - as a result of the distribution of estimated flows based on administrative data counts.

The consistent application of this 'recalibration' process to all local authority districts in Cardiff's immediate wider catchment, results in significant changes to the WAG trend-led projections. Immigration flows are allocated more equitably using the mix of administrative datasets, producing different growth trajectories for each area (Figure 33).



**Figure 33: Impact of 'recalibrated' migration-led scenario**

Cardiff's projected growth 2008-2026 is reduced from 29.5% to 22%, that's 25k population lower than the WAG projection.

Other areas experience an increase in their trend-led projections. Newport's increase is the most significant with a doubling of its projected population growth to 2026, from 7.5% to over 15%; an estimated additional 10K on the WAG projection. The Vale of Glamorgan and Bridgend also increase their respective projections; an additional 4k and 3k respectively on the WAG 2026 total.

Of the remaining areas, Caerphilly, Merthyr Tydfil, Monmouthshire, Torfaen and Blaenau Gwent have a higher trend-led projection as a result of recalibration. Rhondda, Cynon, Taff has a lower projection.