

## M2. Amount of development needed in the Borough

### Plan period

*The Plan as submitted covers the period 2021 to 2040. However, national planning policy expects plans to be up to date<sup>1</sup>. Strategic policies should look ahead a minimum of 15 years from adoption, and identify sufficient housing land supply from adoption<sup>2</sup>.*

*The standard method for calculating local housing need is expected to be kept under review and revised where appropriate during the preparation of a local plan to take account of up-to-date information<sup>3</sup>. NPPF 61 states that there may be exceptional circumstances which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals.*

*The housing requirement of 148 homes per year seems to be informed by the Housing and Economic Development Needs Assessment April 2023 (HEDNA) and the Housing Need Review May 2024<sup>4</sup>. The latter refers to local housing need calculated using the standard method in March 2024 being 124 dwellings per year; an alternative demographic-based assessment of 148 dwellings per year from 2024; and an economic-led assessment of 230 dwellings per year from 2024 (or 144 per year from 2024 if economic activity rates were improved to a mid-point between local and regional rates)<sup>5</sup>. Those figures are referred to in the reasoned justification to policy DM20 in paragraphs 6.27 and 6.28 of the Plan.*

*The housing trajectory in Appendix 1 of the Plan looks ahead from 2023, but could potentially be updated to look ahead from 2024 (see matter 4 below).*

*The Council's response to PQ16 advises that 2022 would represent a more appropriate start date for the Plan to better align with the evidence in the HEDNA 2023 including affordable housing need, housing mix and the need for specific groups. The response also advises that, whilst strategic policies looking ahead to 2040 would be less than 15 years from adoption, this is justified because:*

- The evidence for housing and employment is based on a 10-year period projected forward for the remainder of the plan period and therefore an end date of 2040 does not fundamentally affect the Plan's response to these strategic matters.*
- The Plan does not allocate any strategic sites or rely on strategic infrastructure beyond 2040 meaning that the conditions referred to in paragraph 22 of the NPPF do not apply.*
- Local plans have to be reviewed every 5-years, and the NPPF transitional arrangements mean*

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<sup>1</sup> NPPF 15 and 31

<sup>2</sup> NPPF 22 and 69.

<sup>3</sup> PPG ID: 2a-008-20190220

<sup>4</sup> CD/05/01 and CD/05/02.

<sup>5</sup> CD/05/02 paragraphs 1.5, 2.31, 3.12 and 3.16.

*that the Council is committed to starting work on a new plan in 2025 which will be adopted long before 2041.*

**Q2.1. Is the plan period 2021 to 2040 consistent with national policy or otherwise justified? If not, would the Council's proposed main modification (to amend the plan period to 2022 to 2040) ensure that it is sound, or should the Plan be modified to cover a different period?**

1. The HBF does not consider that the plan period 2021 to 2040 is consistent with national policy. The HBF does not consider the Council's proposed main modification to amend the plan period to 2022 to 2040 would ensure that the Plan is sound. The HBF recommends that a modification is made to the Plan period to ensure that the Plan covers a period of 15 years from the adoption of the Plan. The NPPF<sup>6</sup> states strategic policies should look ahead over a minimum 15-year period from adoption. To ensure that the Plan covers the full 15 years on adoption, this requires the Plan to be adopted in 2025. The HBF considers that this is unlikely, and the Plan period should be extended until at least 2041.

## Housing requirement

*The transitional arrangements in paragraphs 234 to 236 of the NPPF published in December 2024 and amended in February 2025 mean that I am examining the Plan in the context of the version of the NPPF published in December 2023 and associated planning policy guidance extant on that date. Those transitional arrangements mean that, as the Plan's housing requirement is less than 80% of local housing need calculated under the Government's new standard method, the Council will be expected to begin work on a new plan, under the revised plan-making system provided for under the LURA 2023 (as soon as the relevant provisions are brought into force in 2025), in order to address the shortfall in housing need. The Council's response to PQ1 advises that it updated its local development scheme in March 2025 to set out a timetable for the preparation of a new plan. That timetable includes work starting in June 2025 and submission for examination in March 2028.*

*NPPF published in December 2023 advises that, to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment conducted using the standard method in national planning guidance. The outcome of the standard method is an advisory starting point for establishing a housing requirement for the area. There may be exceptional circumstances, including relating to the particular demographic characteristics of an area, which justify an alternative approach. The requirement may be higher than the identified housing need if, for example, it includes provision for neighbourhood areas, or reflects growth ambitions linked to economic development or infrastructure investment<sup>7</sup>.*

*National planning guidance advises that an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes<sup>8</sup>.*

<sup>6</sup> NPPF December 2023 Paragraph 22

<sup>7</sup> NPPF 61 and 67

<sup>8</sup> PPG ID: 2a-024-20190202

*Paragraph 6.27 in the Plan advises that the Plan's minimum housing requirement of 148 dwellings per year is based on projected population growth between 2024 and 2034, with an increase for affordability based on the approach set out in the standard method. The requirement is 20% higher than the figure of 124 calculated using the standard method from 2024.*

*Paragraph 6.33 explains that whilst the need for additional affordable housing is significant, low viability means that there is little scope for market-led development to deliver affordable homes and therefore the adoption of a higher housing requirement would be unlikely to have any real benefit in delivering more affordable homes or outweigh the likely significant adverse impacts on the environment.*

**Q2.2. Is the Plan's minimum housing requirement of a net average of 148 dwellings per year justified by proportionate, adequate, up-to-date evidence and consistent with the NPPF published in December 2023 and national planning guidance extant on that date?**

1. The NPPF<sup>9</sup> states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing needs assessment, conducted using the standard method set out in the PPG. The previous PPG set out the method for calculating the minimum annual local housing need (LHN) figure<sup>10</sup> in line with the NPPF 2023. The Local Plan was submitted on 18 February 2025. Therefore, the minimum LHN could actually have been updated between the Regulation 19 consultation and the submission to reflect the household projections in the period 2025 to 2035. However, this makes a relatively small change to the minimum LHN and reduces the starting point to 120 dwellings per annum (dpa)<sup>11</sup>.
2. The HBF would then expect the Council to investigate the circumstances where it might be appropriate to plan for a higher housing need figure as set out in the previous PPG<sup>12</sup>, these circumstances include where there are growth strategies for the area, where there are strategic infrastructure improvements, where an authority is taking unmet need from a neighbouring authority, and where previous levels of housing delivery, or previous assessments of need are significantly greater than the outcome from the standard method.
3. The Council appears to have sought further evidence to consider the circumstances where it might be appropriate to plan for a higher housing need figure and these include the Housing and Economic Development Needs Assessment (HEDNA) (March 2023) and the Pendle

<sup>9</sup> NPPF December 2023 Paragraph 61

<sup>10</sup> PPG ID:2a-004-20201216

<sup>11</sup> Household Projections 2014: 2025= 39,822, 2035= 40,995, 2035-2025= 1,173, Average= 117.3

Adjustment Factor (median workplace-based affordability ratio 2023 release date March 2024)

Adjustment Factor = (((Local affordability ratio -4)/4)x0.25)+1 = (((4.41-4)/4)x0.25)+1 = 1.02563

Minimum annual local housing need figure = adjustment factor x projected household growth

Minimum annual local housing need figure = 1.02563 x 117.3 = 120.3

<sup>12</sup> PPG ID: 2a-010-20201216

Housing Need Review (May 2024). The HEDNA (2023) details the exceptional circumstances that would support a figure above the Standard Method and recommends a figure in the region of 270dpa. The HEDNA also identifies a potential jobs growth (2022-32) of just over 2,100, it suggests that this number of jobs is in excess of the number of jobs that can be potentially supported by the Standard Method. It also suggests that a higher level of housing delivery for example the 270 dpa proposed would support an economic growth of 2,135 jobs and would create a better balance. The HEDNA goes on to identify an affordable housing need of 288dpa and suggests that there will be a need for both social and affordable rented housing.

4. The Pendle Housing Need Review (May 2024) provides an update to the HEDNA 2023. It highlights the elements that feed into the standard method have been updated and the new local housing need (LHN) is identified as 124dpa. It goes on to suggest that more recent demographic data puts upward pressure on this number, and suggests that with a 3% affordability uplift the latest demographic data would result in a housing need for 148dpa. However, it also states that this level of need is too low and would not support the forecast economic growth. It goes on to suggest that the same level of growth as set out in the HEDNA (2,135 jobs) could be achieved by delivering 230dpa. They conclude that 230dpa is the most appropriate housing target for Pendle and that this level of growth is deliverable.
5. The previous PPG<sup>13</sup> set out that an increase in the total housing figures included in the Plan may need to be considered where it could help deliver the required number of affordable homes. The HBF notes the Council's acceptance that the affordable housing needs are significant, and their suggestion that there is little scope for affordable housing provision to come forward as part of market-led development. However, the HBF disagrees with this assumption. It is self-evident that if the Council plans for more homes in areas where there is an affordable housing requirement, and that this policy requirement is sound and deliverable, that more affordable housing would come forward. The HBF also notes that even in areas where market homes may not deliver affordable housing, a higher housing requirement and more allocations offers greater opportunities for registered providers to bring affordable housing forward, as much as it offers other homebuilders opportunities to bring market housing forward.
6. The HBF considers that the housing requirement identified by the Council, whilst meeting the minimum local housing need as calculated using the Standard Method is likely to be insufficient to meet the local housing need when other evidence is taken into consideration. Much of this evidence is already considered in the Council's own HEDNA, and Housing Need Review, and includes the demographic considerations, the affordable need and the balance of economic growth and housing. Planning for this higher housing need figure would be in line with the PPG and the NPPF.

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<sup>13</sup> PPG ID: 2a-024-20190220

7. The HBF notes that the LHN under the current standard method is 333dpa<sup>14</sup>. The HBF agrees that the Plan has been submitted for examination prior to the 12<sup>th</sup> March 2025, and that therefore, under the transitional arrangements set out in the NPPF 2024, that the Plan should be examined under the relevant previous version of the Framework. The HBF also agrees that in line with the NPPF 2024, that as the housing requirement does not meet 80% of the local housing need identified under the current standard method the local authority will be expected to begin work on a new plan, under the revised plan-making system in order to address the shortfall in housing need.

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<sup>14</sup> Dwelling stock 2023 = 41,591, Baseline Dwelling Stock (0.8%) = 41,591 x 0.008 = 332.728  
Adjustment factor = (((five year average affordability ratio – 5)/5)x0.95)+1 (only for 5yr average affordability ratio above 5; otherwise zero), 5yr average affordability = 4.96, therefore, adjustment factor = 0  
Minimum annual local housing need figure = housing stock baseline x adjustment factor = 333dpa