

## **Central Lancashire Local Plan: Approach to meeting Housing Need**

The Central Lancashire Authorities comprising Preston City Council, Chorley Borough Council and South Ribble Borough Council commissioned DLP Planning and Edge Analytics in 2022 to undertake a review of future housing need for the plan area, providing a total requirement for Central Lancashire based on the sum of outputs for each individual council. A further update of this work was undertaken in 2024 to reflect the below changes.

1. Updated NPPF published December 2023
2. Revised plan period running from 2023-2041

The purpose of this work was to establish if the single housing market area for Central Lancashire was still the most appropriate scale for assessing housing need, and to identify the level and proportional distribution of future housing needs across Central Lancashire. This 2022 Housing Study (and 2024 update) provides a robust and up to date evidence base to inform the development of policies in the Central Lancashire Local Plan.

### **Housing Market Area Review**

As part of the 2022 work, DLP were asked to undertake a review of the housing market area for Central Lancashire to establish if this was still the correct geography for calculating housing need for these councils.

The study provides an analysis for Central Lancashire, with the objective of defining the geography of its housing market area (HMA) with reference to its relationship with neighbouring administrative areas. The report looked at the three key recommendations in Planning Practice Guidance for analysis for broadly defining housing market areas.

- “The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.
- Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).
- Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g., work or service use).” (ID: 61-018- 20190315)

The findings note that this approach remained broadly unchanged from previous iterations of PGG, therefore making it reasonable to compare previous definitions of the HMA for central Lancashire.

The 2022 study addressed the relevant steps and considered evidence recommended by national and policy and guidance in order to support conclusions on the appropriate definition of the HMA and the findings defined the administrative boundaries of the three Central Lancashire authorities as the most appropriate geography within which to prepare policies for meeting housing need and support the definition of Central Lancashire as a self-contained HMA.

## Calculating Housing Need

The starting point for the assessment of housing need is the calculation of local housing need (LHN) (NPPF 2023 para 61) using the Standard Method alongside an assessment of other relevant evidence, including future prospects for jobs growth. At the time of preparing the 2022 report the Standard Method resulted in a minimum LHN figure of 988 dwellings per annum for Central Lancashire, which comprised figures of 542 for Chorley, 265 for Preston and 181 for South Ribble. In 2024, the Standard Method resulted in a minimum LHN figure of 944 dwellings per annum for Central Lancashire, which comprised figures of 506 for Chorley, 269 for Preston and 169 for South Ribble.

## Growth Options

The 2022 report identified that the latest LHN 2018-based projections result in a higher level of population growth for each of the Central Lancashire authorities, with a different balance between the drivers of growth (natural change, internal, and international migration) compared to the 2014-based projections.

The DLP study (2022) identified that it is therefore important to consider the LHN figures within the wider demographic context, using the latest population statistics to establish whether (a) the LHN as calculated using the Standard Method adequately reflects each district's current and future demographic trends and market signals, and (b) whether calculating housing need using an alternative approach would better reflect each district's current and future demographic trends and market signals. It is also important to assess the size of each district's resident labour force, the level of jobs growth forecast, and whether more housing (than the Standard Method identifies) is required to support this.

To understand if housing need might be higher than that suggested by the Standard Method, in accordance with PPG, the DLP reports considered the following key demographic and market signal statistics for the three Central Lancashire authorities, including:

- Housing completion trends (net additional dwellings)
- Economic growth forecasts and the balance between labour demand and supply (including commuting flows)
- Total population change
- Population age profile change
- Components of population change since 2001, including:
  - Natural change (births / deaths)
  - Net internal migration (between Central Lancashire and elsewhere in the UK, and between the Central Lancashire authorities)
  - Net international migration (migration to/from overseas)

In looking at alternative approaches, the findings also considered whether there is an additional need identified through the requirements set out as part of City Deal for Preston and South Ribble, noting that this need is aspirational and tied to the delivery of key infrastructure across those areas in order for development to be realised. This information was then fed into the scenario options tested.

In all three authorities, the LHN figures are lower than recent average completion rates and, in this case, it is therefore considered that LHN is a minimum starting point for determining the number of homes needed in the emerging Central Lancashire local Plan.

The 2022 report identified 13 scenario options for growth and calculated the housing requirement resulting from each. The economic data used to inform modelling was provided by the Lancashire Local Enterprise Partnership (LEP) using outputs from the econometric model for Lancashire prepared by Cambridge Economics (CE).

In establishing growth options, the demographic profile of the constituent Central Lancashire Authorities and the plan area as a whole, including reflecting recent trends in components of population change was looked at in the 2022 study. This work was done to consider the LHN figures within the wider demographic context to establish whether the LHN is an appropriate housing need figure for Central Lancashire. Edge Analytics used POPGROUP (PG) technology to develop 13 demographic scenarios for each of the Central Lancashire authorities. This work was reviewed and updated in 2024 looking at 11 scenarios. The implications of the PG scenario options considered in both the 2022 and more recent 2024 study on housing requirement are set out in Table 1 below.

**Table 1 Alternative Migration Trend ('PG') Scenario Outputs Summary (Dwellings Per Year)**

	PG-5Y		PG-5yr-10yr		PG-10Y		PG-Long-Term	
	2022 Study	This Study	2022 Study	This Study	2022 Study	This Study	2022 Study	This Study
<b>Chorley</b>	477	330	N/A	324	445	370	350	305
<b>Preston</b>	431	748	N/A	653	329	428	429	364
<b>South Ribble</b>	194	236	N/A	234	171	208	240	230
<b>Total</b>	1102	1314	N/A	1211	945	1006	1019	899

The dwelling need figure is highest for Preston, followed by Chorley and then South Ribble for each 'PG' scenario. This was not the case for outputs from the same scenario assumptions in the 2022 Study. An important part of the reason for changes in the comparison of PG scenarios is that for Chorley the dwelling need figure for each 'PG' scenario in the Housing Study Update is lower than the equivalent scenario outputs presented in the Housing Study 2022. This is principally driven by the much lower output for annual dwelling change under the PG-5Y scenario.

### **Reasonable Alternatives**

Of the 13 options presented in the 2022 report, 6 were below LHN and ruled out of further consideration as only alternative approaches that identify a housing need figure higher than the Standard Method are considered reasonable, in the 2024 study 11 options were tested. The remaining options looked at just meeting LHN and a further 6 options which exceeded this and as such were considered reasonable alternatives. The three employment led options were considered the most appropriate as they support the level of growth seen under the CE forecast, these also resulted in the highest overall requirement for Central Lancashire.

Under the Employment-led CE (CR 2020 1-to-1) scenario, it is assumed that for every new 'job' created in the relevant area, there is a resident worker available to fill it i.e., each Central Lancashire authority provides sufficient growth in its resident workforce so that the total growth

in employed people is matched on a one-to-one basis by growth in workers resident in each authority area. This scenario resulted in a net out-commute which reduces slightly over the forecast period in Chorley, whereas in Preston and South Ribble ratio changes only slightly compared to the figures used in the CR 2020 alternative.

The options considered as reasonable alternative for housing need are shown in table 2 below

**Table 2 Alternative Housing Need Scenario Outcome Comparisons**

Scenario	Average Annual Housing Need (2022)			Total	Average Annual Housing Need (2024)			Total
	Chorley	Preston	South Ribble		Chorley	Preston	South Ribble	
LHN Baseline	542	265	181	988	506	269	169	944
POPGROUP 5-Year (10yr International Migration)	477	431	194	1,102	324	653	234	1,212
Employment-Led Projection (2011 Commuting Ratio)	529	411	411	1,351	479	378	417	1,275
Employment-Led Projection (1:1 commuting for new jobs)	428	490	416	1,334	410	441	386	1,237
<b>Excluded</b>								
POPGROUP 5-Year	477	431	194	1,102	330	748	236	1,313
POPGROUP Long-Term	350	426	240	1,020	305	364	230	899
Average net completions (last 5 years) (2018-2023)					358	724	386	1,468
Average net completions (Housing Need Study 2022 Reporting)	575	712	390	1,677				

### Justification for Approach Take forward

A range of indicators continue to comprehensively support the conclusion that housing need within Central Lancashire exceeds the result of the Government's Standard Method.

The recommended scenario from the original Housing Study was the employment-led (CR-1-to-1) scenario which produced a dwelling growth outcome of 1,334 per year. Whilst some of the underlying assumptions have now changed, the equivalent figure for the updated employment-led (CR-1-to-1) scenario is either 1,137 per year (applying 2011 Census economic activity rates) or 1,237 per year (applying 2021 Census economic activity rates). The latter of these is the newly recommended housing need figure.

The reasons for selecting this as the recommended scenario are:

- Aligns housing need with anticipated jobs growth.
- Reinforces sustainable patterns of commuting.
- Reflects market signals, including economic growth ambitions and previous rates of delivery (in accordance with NPPF).

### Approach to Redistribution – Policy on

The preferred scenario has been used as the basis for considering housing need for the Local Plan. In considering how this should be delivered going forward, the three councils considered

the spatial options being developed. These included delivery of the existing spatial strategy and remaining allocations as a starting point for how future housing need should be distributed and whether this approach is still appropriate. This has identified that there is a need to consider redistribution of the housing need identified by DLP to reflect the pattern of spatial growth as set out in the Local Plan.

The spatial option continues to deliver growth in line with settlement hierarchy, promoting growth in the most sustainable locations (Policy SS1). The purpose of this policy is to support the achievement of sustainable patterns of development in Central Lancashire over and beyond the plan period.

In line with the Spatial Strategy, development is required to be prioritised within settlement boundaries and on existing and new allocated sites, with a focus on city and town centre regeneration and the reuse of brownfield land. Development becomes more restricted outside the areas with settlement boundaries, the Green Belt, Open Countryside, Areas of Separation, and landscape character influencing the pattern of development.

These factors have been considered when looking at how housing need can and should be delivered across Central Lancashire and if any constituent need should be redistributed to ensure allocations for housing conform to this approach.

A key factor in this work has been the delivery of City Deal in Preston and South Ribble. Delivery of sites in these areas was delayed in the existing Local Plans due to the delivery of much needed infrastructure to unlock these sites coming forward later than envisaged. This has meant there is still considerable delivery of sites identified in the extant plans as part of City deal and as such this plan reflects that requirement in distributing need.

An overall redistribution of need has been identified as appropriate to ensure delivery of new sites conform with the spatial strategy and to enable existing commitments to come forward. This has resulted in the following redistribution as shown in Table 3.

**Table 3: Redistributed Housing need (DPA)**

Chorley	Preston	South Ribble	Total
287	500	450	1,237

### **Delivery of housing need in line with NPPF (Dec 2024) Transitional Arrangements and new standard method.**

Following publication of the new NPPF in December 2024, and subsequent updates to the Planning Practice Guidance on the new standard method to assess housing needs, the councils have assessed how the Local Plan meets the Transition Arrangements set out in paragraphs 234-243.

In particular, the councils have looked at how they meet the requirements set out under paragraph 234 (a) which states that *“For the purpose of preparing local plans, the policies in this version of the Framework will apply from 12 March 2025 other than where one or more of the following apply:*

*(a.) the plan has reached Regulation 19 (pre-submission stage) on or before 12 March 2025, and its draft housing requirement meets at least 80% of local housing need”.*

These transition arrangements require the councils to deliver an additional 77dpa above the 1,237 the councils had been working towards to ensure that the councils meet at least 80% of the local housing need as set out in NPPF paragraph 243 (a).

The councils have reviewed the supply identified through the sites proposed for allocation in the Draft Plan and the housing trajectories set out in Appendix A to identify how the additional 77dpa can be met collectively and concluded there is sufficient supply to meet the requirements of the transition arrangements, but this will require an increase in housing requirement for each council. Table 4 below shows how this increase will be met and what the change in requirement for each council is, compared with housing requirements from the Central Lancashire Housing study. Table 4 also sets out what the requirement would be to meet the individual authority requirement under the new Standard Method.

Table 4: Redistribution of need to meet the Transitional Arrangements

	<b>Proposed redistributed housing need based on Central Lancashire Housing Study requirement</b>	<b>Increase applied to meet transitional arrangements following introduction of new Standard method</b>	<b>New Proposed redistributed housing need</b>	<b>New Standard Method standalone requirement</b>
South Ribble	450	10	460	489
Preston	500	20	520	590
Chorley	287	47	334	564
<b>Total</b>	<b>1,237</b>	<b>77</b>	<b>1,314</b>	<b>1,643</b>

Taken the above into consideration, the councils consider that the supply identified and the approach taken is sufficient to meet the transitional arrangements set out in the NPPF (December 2024), and consider this approach is justified to progress the plan under Regulation 19.

## Appendix A – Housing Trajectory - Chorley

	Pre-adoption			Years 1-5					Years 6-10					Years 11-15					TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
Actual completions	291																		291
Projected completions on allocated sites		57	162	204	257	325	339	279	500	572	354	199	77	60	58	0	0	0	3,443
Projected completions on non-allocated existing commitments at 1st April 2024		239	163	300	120	69	137	67	55	30	18	0	0	0	0	0	0	0	1,198
Windfall allowance		0	0	0	63	63	99	99	99	99	99	99	99	134	134	134	134	134	1,489
<b>TOTAL PROJECTED COMPLETIONS</b>	<b>291</b>	<b>296</b>	<b>325</b>	<b>504</b>	<b>440</b>	<b>457</b>	<b>575</b>	<b>445</b>	<b>654</b>	<b>701</b>	<b>471</b>	<b>298</b>	<b>176</b>	<b>194</b>	<b>192</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>6,421</b>
Annual Requirement	280	280	280	345	345	345	345	345	345	345	345	345	345	345	345	345	345	345	6,015
Difference	11	16	45	159	95	112	230	100	309	356	126	-47	-169	-151	-153	-211	-211	-211	406

## Housing Trajectory – Preston

	Pre-adoption			Years 1-5					Years 6-10					Years 11-15					TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
Actual completions	1,630																		1,630
Projected completions on allocated sites		52	116	158	138	157	393	327	549	375	318	464	396	439	427	438	383	419	5,549
Projected completions on non-allocated existing commitments at 1st April 2024		610	533	551	304	286	222	114	78	55	54	30	30	30	40	40	0	0	2,977
Windfall allowance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROJECTED COMPLETIONS</b>	<b>1,630</b>	<b>662</b>	<b>649</b>	<b>709</b>	<b>442</b>	<b>443</b>	<b>615</b>	<b>441</b>	<b>627</b>	<b>430</b>	<b>372</b>	<b>494</b>	<b>426</b>	<b>469</b>	<b>467</b>	<b>478</b>	<b>383</b>	<b>419</b>	<b>10,156</b>
Annual Requirement	520	520	520	520	520	520	520	520	520	520	520	520	520	520	520	520	520	520	9,360
Difference	1,110	142	129	189	-78	-77	95	-79	107	-90	-148	-26	-94	-51	-53	-42	-137	-101	796

## Housing Trajectory – South Ribble

	Pre-adoption			Years 1-5					Years 6-10					Years 11-15					TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
Actual completions	580																		580
Projected completions on allocated sites		0	25	63	252	416	596	561	440	345	345	300	300	300	285	100	75	45	4,448
Projected completions on non-allocated existing commitments at 1st April 2024		484	560	431	267	239	169	89	36	36	13	0	0	0	0	0	0	0	2,324
Windfall allowance		0	0	0	83	83	112	112	112	112	112	112	112	140	140	140	140	140	1,650
<b>TOTAL PROJECTED COMPLETIONS</b>	<b>580</b>	<b>484</b>	<b>585</b>	<b>494</b>	<b>602</b>	<b>738</b>	<b>877</b>	<b>762</b>	<b>588</b>	<b>493</b>	<b>470</b>	<b>412</b>	<b>412</b>	<b>440</b>	<b>425</b>	<b>240</b>	<b>215</b>	<b>185</b>	<b>9,002</b>
Annual Requirement	460	460	460	460	460	460	460	460	460	460	460	460	460	460	460	460	460	460	8,280
Difference	120	24	125	34	142	278	417	302	128	33	10	-48	-48	-20	-35	-220	-245	-275	722

## Housing Trajectory – Central Lancashire

	Pre-adoption			Years 1-5					Years 6-10					Years 11-15					TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
Actual completions	2,501																		2,501
Projected completions on allocated sites		109	303	425	647	898	1,328	1,167	1,489	1,292	1,017	963	773	799	770	538	458	464	13,440
Projected completions on non-allocated existing commitments at 1st April 2024		1,333	1,256	1,282	691	594	528	270	169	121	85	30	30	30	40	40	0	0	6,499
Windfall allowance		0	0	0	146	146	211	211	211	211	211	211	211	274	274	274	274	274	3,139
<b>TOTAL PROJECTED COMPLETIONS</b>	<b>2,501</b>	<b>1,442</b>	<b>1,559</b>	<b>1,707</b>	<b>1,484</b>	<b>1,638</b>	<b>2,067</b>	<b>1,648</b>	<b>1,869</b>	<b>1,624</b>	<b>1,313</b>	<b>1,204</b>	<b>1,014</b>	<b>1,103</b>	<b>1,084</b>	<b>852</b>	<b>732</b>	<b>738</b>	<b>25,579</b>
Annual Requirement	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	23,652
Difference	1,187	128	245	393	170	324	753	334	555	310	-1	-110	-300	-211	-230	-462	-582	-576	1,927