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# Denbighshire Local Development Plan

## EXAMINATION

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### **Housing: Need and Supply, Inspectors' preliminary findings**

#### **Introduction**

1. This report sets out the Inspectors' preliminary findings on matters of housing need and supply. Policy BSC 1 of the Local Development Plan (LDP) makes provision for 7,500 homes to 2021. For the reasons given below the Inspectors do not consider that the LDP makes sufficient provision for housing. In reaching this conclusion the Inspectors have taken into account duly made representations and the evidence submitted to the hearings on 10, 11 and 17 January 2012.

#### **Policy**

2. Planning Policy Wales (PPW) states that the latest Welsh Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements. PPW goes on to say that; '*Local planning authorities should consider the appropriateness of the projections for their area, based on all sources of local evidence, including the need for affordable housing identified by their Local Housing Market Assessment*'. And; '*Where local planning authorities seek to deviate from the Assembly Government projections, they must justify their own preferred policy based projections by explaining the rationale behind them*<sup>1</sup>.
3. Paragraph 9.2.1 of PPW sets out the matters which local authorities should take into account and which may justify deviating from the Welsh Government projections. These matters include, amongst other things, the environmental capacity of an area. PPW and Technical Advice Note 1; Joint Housing Land Availability Studies, also state that local planning authorities must ensure that sufficient land is genuinely available to provide a 5 year supply of land for housing.

#### **Need**

4. Denbighshire County Council accepts that the 2008 projections are a reasonable starting point for determining need. It is argued by some that regard should be given to the 2006 household projections but national policy is clear and the starting point in this examination is the 2008 projections (although, given that the LDP has a base date of 2006, those projections have some bearing on the provision of dwellings pre 2008).

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<sup>1</sup> PPW, paragraph 9.2.2

5. The 2008 projections indicate the need for 8,400 new units between 2008 and 2023<sup>2</sup>; a requirement of 560 units per annum compared to the 500 per annum proposed in the LDP. 560 units per annum over the 13 years between 2008 and 2021 equates to 7,280 units. Using this rate for the 15 years of the plan period, leads to a requirement of 8,400. If one uses the rate per annum derived from the 2006<sup>3</sup> projections of 653<sup>4</sup> for 2006 and 2007 this would result in a requirement of 8,586 over the plan period (2 x 653 + 13 x 560).
6. Consequently, based on the Welsh Government's projections, the LDP should make provision for at least 8,400 units. Denbighshire County Council is not bound to these projections but, as stated above, it must justify deviating from them.
7. The Council commissioned its own report on population and household projections<sup>5</sup> but that was in 2005 and has been superseded by the later Welsh Government projections. In IP002<sup>6</sup> the Council argue that the lower build rate proposed in the LDP takes account of the environmental capacity of the county and the ability of the construction industry to build at a higher rate. However, the Council have not produced any evidence to counter the assertion made by the HBF and others in the sector that the construction industry could build at higher rates. Indeed, the revised phasing table produced by the Council assumes an annual build rate of 727 units per annum between 2016 and 2021<sup>7</sup>, undermining its own contention that the construction industry could not build at a rate higher than 500 units per annum.
8. Turning to environmental capacity, the Council started with 6 strategic sites in the Sustainability Appraisal Report<sup>8</sup> and accepted at the hearing on 10 January that all were realistic options. The Council also conceded that not all the candidate and alternative sites were unacceptable on environmental grounds. It is not considered, therefore, that Denbighshire County Council has provided evidence to justify providing fewer units than required by the latest Welsh Government projections.
9. The Council were not able, at the hearing on 10 January, to indicate what account had been given to the need for affordable housing in the formulation of the LDP's housing target. The Council's track record in the provision of affordable housing is acknowledged and is to be commended but the evidence submitted to the hearing on 17 January casts serious doubt on the LDP's ability to achieve its target of 2,250 to 3,000 affordable homes by 2021. The undisputed need for affordable

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<sup>2</sup> IP002, Table 3

<sup>3</sup> Although there was a change in methodology between 2006 and 2008, a study commissioned by Conwy County Borough Council concluded that there was limited scope to challenge the 2006 projections (IP002, paragraph 3.2.10)

<sup>4</sup> IP002, Table 2

<sup>5</sup> EB002

<sup>6</sup> IP002, paragraph 3.2.9

<sup>7</sup> EXAM004 Sup A7

<sup>8</sup> DLDP004

housing in Denbighshire weighs against deviating below the number of units required by the Welsh Government's latest projections.

## Supply

10. Table 5 in IP002 indicates a potential supply of 7,771 dwellings but the evidence submitted to the examination casts serious doubts regarding whether the LDP would deliver its target of 7,500. If the proposed Key Strategic Site at Bodelwyddan (KSS) is found to be sound and if the LDP is adopted in the autumn of 2012, it is common ground that the first houses would not be completed on the KSS until 2014 at the earliest (9 years into the plan period). In EXAM0069 the Council states that; '*At its peak, market sales are expected to reach 175dpa*'. Even if the KSS were to deliver at this rate from 2014 to 2021 (which seems highly unlikely) it would only deliver 1,225 dwellings by 2021 (490 below the number allocated).
11. It is, therefore, unlikely that the KSS will deliver the total amount of housing allocated by 2021. In addition, the major source<sup>9</sup> of planned new housing in the LDP will not make any contribution to meeting its target until 2014.
12. Turning to other allocations, questions are raised regarding the redevelopment of the HM Stanley Hospital and whether the Ocean Plaza site in Rhyl will deliver the anticipated 230 units<sup>10</sup>. The Council has produced evidence regarding the deliverability of other allocations in the plan, the majority of which is unchallenged but a potential supply of 7,771 compared to a target of 7,500 leaves little room for slippage (a contingency of only 4%). This raises grave concerns regarding the flexibility of the LDP to deal with the delay to or failure of allocations to come forward.
13. The 7,771 includes 1,795 from identified urban potential sites and 505 from conversions and windfalls<sup>11</sup>. Although separated in the Council's calculations, all these types of site are classed as windfalls and around 31% of the Plan's target of 7,500 is made up of such sites (30% of 7,771). Looking at the summary and detailed phasing tables in EXAM004 Sup A7; 2671 units in phases 2 and 3 would be provided through windfalls. That is 35% of the overall provision and 42% of the amount yet to be built if 7,500 is to be achieved by 2021.

LDP Target	7,500
Less completions 2006-11	1,205
Leaves	6,295
Less	
Phase 2 allocations	1,331
Phase 3 allocations	2,293
Leaves	2,671 on windfall sites

<sup>9</sup> The KSS represents around 51% of the houses allocated in the LDP

<sup>10</sup> EXAM0038.A

<sup>11</sup> IP002, Table 5

14. The Council's figures in IP002 and EXAM004 Sup A7 differ but both indicate that at least 30% of the target would be met by windfalls. The Council conceded at the hearing that there has been some double counting and that some of the smaller sites may be subject to Policy PSE 2 which seeks to protect existing employment sites and could prevent some sites coming forward for housing. Further, the Council's own evidence shows that the completion rate on urban capacity sites is 120 dwellings per annum<sup>12</sup>. At such a rate such sites would only provide 1,080 new homes between 2012 and 2021.
15. The Council argue that the completion rate on urban potential sites could improve. Although it is not unreasonable to assume that market conditions will change over the life of a plan, only 9 years remain in the life of this LDP. One hopes that the economy will improve but, if it does, will it be soon enough to make a material difference in the number of windfall sites coming forward?
16. The Council is yet to receive the Welsh Government's response to its Statement of Common Ground in relation to the 2011 Joint Housing Land Availability Study<sup>13</sup>. In that document the Council indicates that it has a land supply for housing of 4.52 years. Some argue that it is much lower but there can be no dispute that the supply of housing land in the county does not meet the requirements of PPW or TAN 1.
17. The number of units to be provided on each site is based on an assumed density of 30 dwellings per hectare. PPW<sup>14</sup> says that LDPs should include policies to cover density (amongst other things). The Council should be aiming to increase densities in sustainable locations. However, despite the Council's assertions at the hearing that higher densities would be sought where appropriate, the LDP is silent in this regard. There is no guarantee, therefore, that higher densities would be achieved (and, therefore, more units built than anticipated in Table 5 of IP002).

## **Conclusion**

18. PPW states that the latest Welsh Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements. An analysis of the housing projections indicates that the starting point for the LDP should be between 8,400 and 8,586 units (these figures do not include a contingency). The Council has failed to produce convincing evidence to justify deviating below the latest household projections. The need for affordable housing in Denbighshire weighs against allocating less than that indicated by the latest household projections.
19. A potential supply of 7,771 units compared to a target of 7,500 raises significant concerns regarding the ability of the LDP to deal with

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<sup>12</sup> IP002, paragraph 3.3.3,

<sup>13</sup> EXAM0027

<sup>14</sup> PPW, paragraph 9.2.12

changes in circumstances. This is particularly worrying when the evidence submitted to the examination regarding the rate of delivery of units on the KSS, the delivery of other allocations and windfall sites casts serious doubt over the ability of the LDP to deliver its target of 7,500 units.

20. The Inspectors, therefore, are concerned that, in respect to this issue, the LDP fails to have regard to national policy (Test C2) is not founded on a robust evidence base (Test CE2) and is not reasonably flexible to deal with changing circumstances (Test CE4).

### **Suggested ways forward**

21. In order to address this potential finding of unsoundness the Council could:

- Provide additional evidence to justify not meeting the Welsh Government's household projections and provide further evidence to substantiate the contention that the LDP would deliver its target of 7,500 units.
- Allocate additional sites in the LDP to meet the identified shortfall.

22. The Council is invited to consider the above and provide a response at a meeting which it is hoped will be convened on 9 February 2012. The venue and time of the meeting will be published on the examination web site as soon as details are confirmed.

23. The meeting will be open to the public but, given that it is being convened to explore ways forward with the Council, participation will be limited to representatives of Denbighshire County Council and the Welsh Government.