



GL Hearn

Part of Capita plc

Housing and Economic Need Assessment

Blackburn with Darwen and Hyndburn Councils

December 2018

Prepared by

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Contents

Section	Page
1 EXECUTIVE SUMMARY	4
2 INTRODUCTION	9
3 DEMOGRAPHIC GROWTH AND HOUSING NEED	11
4 MARKET SIGNALS	22
5 ECONOMIC BASELINE	33
6 EMPLOYMENT FORECASTING	45
7 FUTURE EMPLOYMENT AND THE LINK TO HOUSING	56
8 AFFORDABLE HOUSING NEED	67
9 PRIVATE RENTED SECTOR	78
10 HOUSING TECHNICAL STANDARDS AND OLDER PERSONS NEEDS	90
11 HOUSING MIX	99
12 EMPLOYMENT LAND REQUIREMENTS	106
13 SUMMARY AND CONCLUSIONS	115

Quality Standards Control

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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE

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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 EXECUTIVE SUMMARY

- 1.1 The purpose of the Housing and Economic Need Assessment Study is to assess future development needs for housing (both market and affordable) and employment across the Blackburn with Darwen (BwD) and Hyndburn joint Housing Market Area. The Study considers housing and employment need to inform the preparation of the emerging Local Plans.
- 1.2 This study forms part of the evidence base which Councils will use in preparing their development planning policy. The document does not set the housing target for local authorities but provides the evidence to inform its starting position.

Housing Need

- 1.3 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating the housing need. According to this **there is a need of 130 dwellings per annum across the HMA relating to 99 dpa in BwD and 31 dpa in Hyndburn.**
- 1.4 The standard methodology is however subject to change which if the proposed changes are accepted could increase the housing need to 217 dwellings per annum across the HMA relating to 157 dpa in BwD and 60 dpa in Hyndburn.
- 1.5 This however is the minimum housing need for the local authorities and Councils are encouraged to exceed this. Decisions taken with regard to the level of growth will be based on appropriate evidence and will be justified for example in relation to meet planned economic growth or to ensure delivery of more affordable homes.
- 1.6 This however is a policy choice and to inform this choice we have calculated the housing need based on these scenarios. One such scenario includes examining the need for additional housing to support the Local Economy.

Economic Led Housing Need

- 1.7 Using Oxford Economics (OE) data as a baseline GL Hearn has amended a set of forecast based on the review of the local economic strategies, past completions trends, together with our local knowledge for the market in order to provide a realistic “economic growth scenario”. This shows a potential growth of just over 7,500 jobs over the 2018-36 period.

Table 1: Forecast job growth in BwD (2018-36)

	Jobs (2018)	Jobs (2036)	Change in jobs	% change
BwD	71,458	76,654	5,196	7.3%
Hyndburn	31,120	33,450	2,330	7.5%
HMA	102,578	110,104	7,526	7.3%

Source: OE & GL Hearn 2018

- 1.8 The table below estimates the corresponding housing need for the economic growth scenario. In translating jobs to housing growth we have considered a number of factors including changes to the economically active population, including an adjustment to Household Formation Rates. The analysis shows that to support the economic growth scenario there would need to be provision of around 411 homes each year in BwD and 216 in Hyndburn as an average over the period. This is a total of 627 dwellings per annum.

Table 2: Projected housing need – job-led scenarios and 2016-based HRRs – BwD

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
BwD	58,282	66,258	7,976	399	411
Hyndburn	34,585	38,786	4,201	210	216
HMA	92,867	105,044	12,177	609	627

Source: Demographic projections

- 1.9 As demonstrated the economic-led housing need is higher than the standard methodology even when taking account of the proposed changes currently out for consultation. This means that in order to ensure that the area's economic potential is met then 627 dwellings per annum across the HMA would need to be delivered.
- 1.10 There is potentially a slight element of back loading associated with slower jobs growth in the 2016-2018 period however this has occurred. For the remainder of the period jobs growth and thus housing growth is fairly constant.
- 1.11 As an alternative housing delivery could be linked with the delivery of major sites in each borough to ensure there are no short terms gaps if labour supply. Either way this level of housing delivery would require a step change in housing delivery with delivery since 2003 averaging only around 270 dpa.

Affordable Housing Need

- 1.12 To assess affordable housing need a methodology is set out in the PPG which has been followed. The analysis calculates an overall surplus of affordable housing of 100 units per annum in BwD and a shortfall of 79 per annum in Hyndburn. The findings above are based on clearing the current need over the 20-years from 2016.

Housing Need and The Housing Requirement

- 1.13 The study has assessed housing need and potential housing requirements through a variety of factors as presented above.

Table 3: Housing Need and Housing Requirement Options

	BwD	Hyndburn
Standard Method Current	99	31
Standard Method Consultation	157	60
Economic-Led Housing Need – Economic Growth Scenario	411	216
Historic Housing Delivery Trends	151	108

Source: GL Hearn based on OE forecasts

- 1.14 The Housing Need based on the Standard Housing Methodology (Current) for Blackburn with Darwen is 99 dpa and in Hyndburn it is 31 dpa. However should the local authorities decide to adopt a higher housing requirement to meet economic growth then these housing requirement should be 411 and 216 dpa respectively. However this is a choice for the local authorities to make.
- 1.15 Similarly, the local authorities could decide to increase the delivery of affordable housing to clear the backlog sooner and as a result could consider a sensible increase above the standard methodology, noting that the economic led growth would achieve this.

Housing Mix

- 1.16 The extended definition of affordable housing includes households who are able to access the private rented sector but who cannot afford to buy. In both BwD and Hyndburn there is limited evidence for a need for this type of housing; put simply, the typical cost of housing to buy in the area (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product.
- 1.17 The mix identified below should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

Table 4: Appropriate Mix of Homes by Size and Tenure

Blackburn with Darwen	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	35-40%	40-45%	15-20%
Affordable home ownership	20-25%	45-50%	25-30%	0-5%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%
Hyndburn	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	40-45%	35-40%	15-20%
Affordable home ownership	15-20%	55-60%	20-25%	0-5%
Affordable housing (rented)	35-40%	30-35%	20-25%	5-10%

Older Persons Need

1.18 The data shows that in general, BwD and Hyndburn have a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities could be expected to increase in the future. Key findings include:

- Over 30% increase in the population aged 65+ (accounting for over 100% of total population growth);
- A total need for around 1,700 units of housing for older people (sheltered, enhanced sheltered and extra-care)
- concentrations of long-term health problems and disabilities in the social rented sector; and
- a need for around 400 dwellings to be for wheelchair users (M4(3)) in the period to 2036

Employment Land Need

1.19 We considered demand for employment land and floorspace over the period from 2016 to 2036. The analysis considers future employment land needs using the labour demand scenarios set out above and compares these against past completions trend data.

1.20 Taking into account recent commercial completions the following table presents the residual floorspace requirement up to 2036. A total of 443,000 sq. m is expected to be required across the HMA between 2018/19 and 2036 (residual).

Table 5: Residual Employment Floorspace Requirements (sqm) 2018-2036

	Blackburn with Darwen	Hyndburn	FEMA
B1	34,847	5,872	40,719
B2	72,507	86,359	158,866
B8	120,826	122,596	243,422
B-Class Total	228,181	214,827	443,008

1.21 The tables below translate the residual floorspace requirements to Employment land requirements by applying plot ratios similar to those of the existing stock across the area. This shows a residual need for 107.4 Ha of employment land

Table 6: Residual Employment Land Requirements (hectares) 2018-36

	Blackburn with Darwen	Hyndburn	FEMA
B1	5.8	1.0	6.8
B2	18.1	21.6	39.7
B8	30.2	30.6	60.9
B-Class Total	54.1	53.2	107.4

2 INTRODUCTION

- 2.1 GL Hearn has been commissioned by Blackburn with Darwen and Hyndburn Councils ('the Councils') to prepare a Housing and Economic Need Assessment Study (HENAS) to identify the housing need and mix together with the employment land requirements for the 2016-2036 period.
- 2.2 The purpose of the HENAS is to assess future development needs for housing (both market and affordable) and employment across the Blackburn Housing Market Area (the HMA) which incorporates both councils. This area has strong housing and economic links as acknowledged through the adopted Local Plans of the Councils.
- 2.3 The HENAS is intended to inform the preparation of the emerging Local Plans for both local authorities. However it should be noted that the HENAS does not in itself set housing and employment targets.
- 2.4 The HENAS provides an assessment of the need for housing and employment land requirements, making no judgements regarding future policy decisions which the Councils may take. While this study provides important inputs into setting targets for housing and employment provision, wider plan-making will also take into account factors such as the supply of land for new development, Green Belt, local infrastructure capacity and environmental constraints as well as policies to promote further development.
- 2.5 The National Planning Policy Framework¹ was published in July 2018 (NPPF2) alongside new planning practice guidance² (PPG) relating to assessing housing need. This included for the first time a standard methodology for assessing housing need³. This Study responds to and is compliant with these documents.

Structure

- 2.6 The remainder of this report is structured as below:
- [Chapter 3: Demographic Growth and Housing Need](#)
 - [Chapter 4: Market Signals](#)
 - [Chapter 5: Economic Baseline](#)
 - [Chapter 6: Jobs Forecast](#)
 - [Chapter 7: Future Employment and the link to Housing](#)
 - [Chapter 8: Affordable Housing Need](#)
 - [Chapter 9: Private Rented Sector](#)

¹ Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728643/Revised_NPPF_2018.pdf

² Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687239/Draft_planning_practice_guidance.pdf

³ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

- [Chapter 10](#): Housing Technical Standards and Older persons needs
- [Chapter 11](#): Housing Mix
- [Chapter 12](#): Employment Land Requirements
- [Chapter 13](#): Conclusions and Recommendations

3 DEMOGRAPHIC GROWTH AND HOUSING NEED

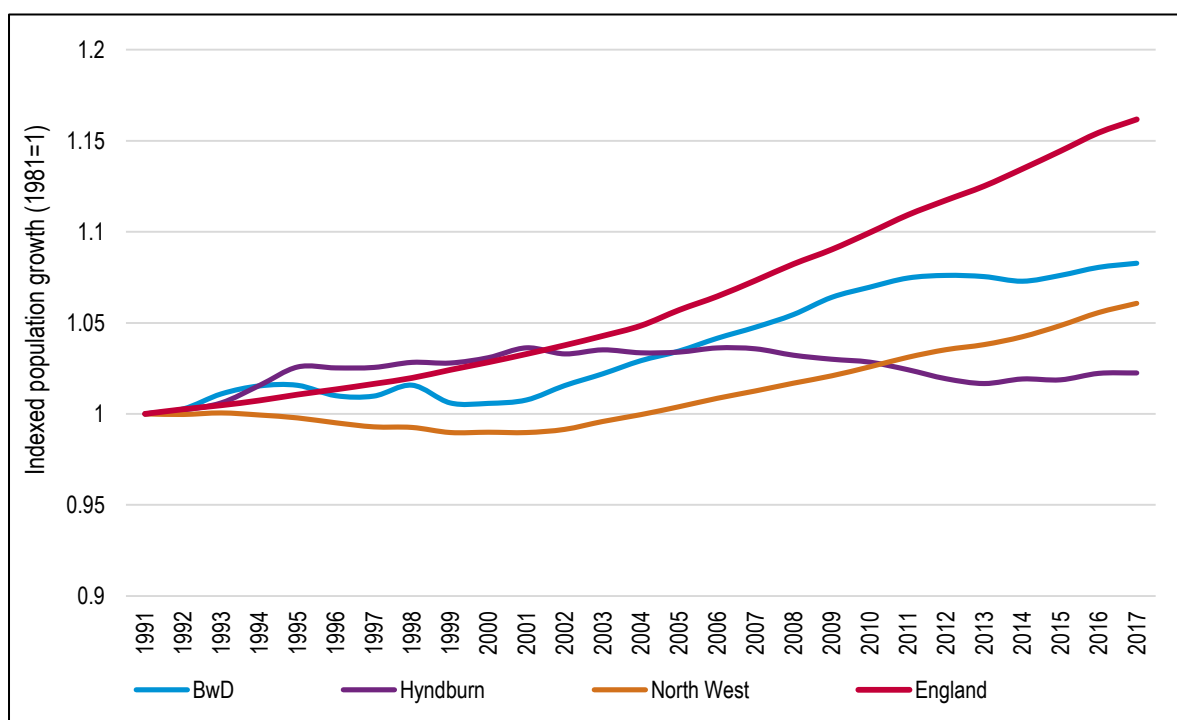
Introduction

- 3.1 This section of the report considers the demographic drivers of housing need, in particular looking at past trends in population growth and future projections. The analysis draws on the 2016-based sub-national population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which updates to mid-2017.

Past Population Growth

- 3.2 Figure 1 considers historic population growth in the period from 1991 to 2017. Both Blackburn with Darwen (BwD) and Hyndburn show population growth that is some way below the national average, although in BwD the growth has been above that seen regionally. Over the past 10-years (indeed going back to 2001) the data shows fairly modest growth in BwD and a decline in population in Hyndburn.

Figure 1: Indexed population growth (1991-2017)



Source: ONS (mid-year population estimates)

Components of Population Change

- 3.3 Tables 1 and 2 overleaf consider the drivers of population change between 2001 and 2017. The main components of change include natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon the publication of Census data if population has been under- or over-estimated.
- 3.4 In BwD the data shows a positive level of natural change throughout the period, reflecting a relatively young age structure as well as positive levels of international migration. For every year there is a substantial net out-migration of people to other parts of the United Kingdom.
- 3.5 The data also shows a positive level of UPC, suggesting that between 2001 and 2011, ONS may have underestimated population growth within population estimates (and this was corrected once Census data were published).

Table 7: Components of population change, mid-2001 to mid-2017 – BwD

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	743	-873	734	-3	484	1,085
2002/3	688	-707	434	-7	483	891
2003/4	791	-407	106	11	488	989
2004/5	900	-707	53	4	477	727
2005/6	983	-941	445	-13	491	965
2006/7	998	-1,217	567	-17	501	832
2007/8	1,071	-1,199	593	5	490	960
2008/9	1,092	-709	442	-11	481	1,295
2009/10	978	-1,084	400	-15	490	769
2010/11	1,070	-1,081	271	15	416	691
2011/12	1,161	-1,129	159	6	0	197
2012/13	1,043	-1,272	126	12	0	-91
2013/14	1,018	-1,535	157	13	0	-347
2014/15	882	-877	443	-8	0	440
2015/16	928	-1,036	692	22	0	606
2016/17	746	-833	409	-12	0	310

Source: ONS

- 3.6 Similar patterns can be seen in Hyndburn (Table 8), with a positive level of natural change and net out-migration to other parts of the country. The analysis also shows a net internal in-migration, although the scale of this is somewhat lower than in Blackburn. The UPC in Hyndburn is negative, suggesting ONS may have over-estimated population growth in the period to 2011.

Table 8: Components of population change, mid-2001 to mid-2017 – Hyndburn

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (Unattributable)	Total change
2001/2	47	-159	-34	-17	-99	-262
2002/3	186	58	27	5	-101	175
2003/4	284	-263	-39	0	-110	-128
2004/5	272	-92	-39	-10	-100	31
2005/6	267	-151	189	-3	-122	180
2006/7	256	-308	130	-7	-109	-38
2007/8	207	-460	105	1	-130	-277
2008/9	388	-414	12	-9	-150	-173
2009/10	385	-357	14	-9	-160	-127
2010/11	313	-566	91	19	-184	-327
2011/12	342	-788	41	16	0	-389
2012/13	313	-528	0	8	0	-207
2013/14	316	-236	102	15	0	197
2014/15	228	-343	77	1	0	-37
2015/16	243	-48	80	4	0	279
2016/17	241	-286	67	-4	0	18

Source: ONS

- 3.7 In both Blackburn with Darwen and Hyndburn there has been a notable reduction in the last few years in net internal out migration. This could be linked to increasing housing delivery post recession.

2016-based Sub-national Population Projections (SNPP)

- 3.8 Table 9 shows projected population growth from 2016 to 2036 in BwD, Hyndburn and the wider comparator areas. The data shows that the population of both Boroughs is projected to fall whilst both the North West region (6%) and England (10%) are projected to see an increase in the population.

Table 9: Projected population growth (2016-2036) – 2016-based SNPP

	Population 2016	Population 2036	Change in population	% change
BwD	148,462	146,501	-1,961	-1.3%
Hyndburn	80,392	77,845	-2,547	-3.2%
North West	7,223,961	7,627,017	403,056	5.6%
England	55,268,067	60,905,483	5,637,416	10.2%

Source: ONS

Alternative Demographic Scenarios

- 3.9 The SNPP is the latest official population projection and is based on looking at migration trends over the past 5 to 6 years. However, given that levels of migration and population growth have been variable over time it is reasonable to consider alternative (sensitivity) scenarios.
- 3.10 These sensitivities are trend based and do not for example take into account future political changes. The most notable of which is Brexit. However, it is impossible to accurately predict the impact this will have on population and economic change. .
- 3.11 That said the official population projections do reflect the expert panels view on future changes to international migration. That view will reflect their view on the likely changes to migration as a result of Brexit, but it is just a view rather than based on any knowledge of the final deal.
- 3.12 The sensitivity scenarios take account of longer-term migration trends and also data from the ONS 2017 mid-year population estimates (MYE). The analysis below considers two potential sensitivities to the SNPP figures. These can be described as:

- Implications 2017 mid-year population data – 2016-based SNPP (+MYE); and
- Implications of 10-year migration trends – 10-year migration

2016-based SNPP (+MYE)

- 3.13 This projection takes assumptions from the 2016-based SNPP, but overwrites the population projection figures for 2017 by those in the ONS MYE (by age and sex). Moving forward from 2017, this sensitivity uses the same birth and death rates as contained in the 2016-based SNPP and the actual projected migration figures (by age and sex).

10-year migration

- 3.14 This projection uses information about migration levels in the 10-year period (2007-17); the scenario therefore also includes the most up-to-date MYE figures (for 2017). The projection does not just look at the migration figures and roll these forward but recognises that migration can be variable over time as the age structure changes.
- 3.15 With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term both nationally and for most local authorities.
- 3.16 To overcome the issue of variable migration, the methodology employed looks at the share of migration in each Borough compared to the share in the period feeding into the 2016-based SNPP (which is 2011-16 for internal migration and 2010-16 for international migration). Where the share of

migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa.

Outputs from different demographic projections

- 3.17 Tables 4 and 5 show the estimated level of population growth in the SNPP and the alternative projections developed. In BwD the key finding is that using 10-year trends shows a small positive population growth whereas in Hyndburn the projected population growth is negative in all scenarios.

Table 10: Projected population growth (2016-2036) – alternative scenarios – BwD

	Population 2016	Population 2036	Change in population	% change
2016-based SNPP	148,462	146,501	-1,961	-1.3%
2016-based SNPP (+MYE)	148,462	146,900	-1,562	-1.1%
10-year migration	148,462	150,307	1,845	1.2%

Source: Demographic projections

Table 11: Projected population growth (2016-2036) – alternative scenarios – Hyndburn

	Population 2016	Population 2036	Change in population	% change
2016-based SNPP	80,392	77,845	-2,547	-3.2%
2016-based SNPP (+MYE)	80,392	78,137	-2,255	-2.8%
10-year migration	80,392	77,675	-2,717	-3.4%

Source: Demographic projections

Household Growth and Housing Need

- 3.18 Having studied the population size and how it is likely to change, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used.
- 3.19 HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). The analysis in this report draws on data from the 2016-based SNHP.
- 3.20 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for

households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need.

- 3.21 It is assumed that such a level of vacant homes will allow for movement within the housing stock and includes an allowance for second homes. We note that in both areas this is likely to be high but it is an industry standard figure to allow for churn in the property.
- 3.22 The analysis shows an overall housing need for 96 dwellings per annum (dpa) across BwD when using the 2016-based SNPP as the underlying population projection. This figure increases to 162 dpa with longer-term (10-year) migration assumptions.

Table 12: Projected housing need – range of demographic based scenarios and 2016-based HRRs – BwD

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-based SNPP	57,074	58,947	1,873	94	96
2016-based SNPP (+MYE)	57,074	59,025	1,951	98	100
10-year migration	57,074	60,228	3,154	158	162

Source: Demographic projections

- 3.23 In Hyndburn, the three projections show a need in the range of 25-35 dpa depending on the scenario. The highest of these scenarios is based on the 2016-SNPP with updates to include the latest mid-year population estimate.

Table 13: Projected housing need – range of demographic based scenarios and 2016-based HRRs – Hyndburn

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-based SNPP	34,550	35,120	570	28	29
2016-based SNPP (+MYE)	34,550	35,225	675	34	35
10-year migration	34,550	35,043	493	25	25

Source: Demographic projections

Housing Need and the Standard Methodology

- 3.24 The latest version of the Planning Practice Guidance (PPG) on Housing Need Assessment (September 2018) sets out a standard method to be used in calculating a housing need. The PPG sets out a three-step process.

Step 1

- 3.25 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over a 10-year period.
- 3.26 The 10-year period is the 10 years starting from the date being examined so for this document it is the 2018-2028 period. While the need is established over this period the need can then be used for longer periods such as over a plan period.

Step 2

- 3.27 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house prices to median earnings ratio for the most recent year for which data is available. This was 2017 affordability ratio at the time of writing.
- 3.28 Specifically, the PPG says that 'for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a (one) percent'. The equation to work out the adjustment factor is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

- 3.29 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: $((8 - 4) / 4) \times 0.25$.

Step 3

- 3.30 The final step in the proposed standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need), or adopted a plan within the last five years.
- 3.31 In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).
- 3.32 Table 14 sets out a calculation of the need under the Standard Method. This shows a need for 99 dwellings per annum in BwD and 31 dpa in Hyndburn. For plan making where the plan is submitted

after the 24th of January 2019 these figures are to be used as the OAN. However this is a minimum need and local authorities are free and indeed encouraged to exceed these figures.

Table 14: MHCLG Standard Method Housing Need Calculations

	Blackburn with Darwen	Hyndburn
Households 2018	57,183	34,675
Households 2028	58,149	34,986
Change in households	966	311
Per annum change	97	31
Affordability ratio (2017)	4.46	4.14
Uplift to household growth	3%	1%
Total need	99	31
Capped	99	31

Source: Derived from ONS data

Revisions to the Standard Methodology

- 3.33 Despite only being recently adopted the Standard Methodology is subject to an on-going consultation on potential changes to it. The consultation is to ensure that the government target of 300,000 additional homes per annum is reached by the mid 2020s. This is in light of the revised national population projections which substantially reduced demographic growth.
- 3.34 The only major change being proposed is to set the baseline in reference to the 2014-based household projections rather than the 2016-based projections. As shown in the table below this substantially increases the housing need across the HMA to 217 dpa.

Table 15: MHCLG Consultation Standard Method Housing Need Calculations

	Blackburn with Darwen	Hyndburn
Households 2018	57,806	34,587
Households 2028	59,332	35,186
Change in households	1,526	599
Per annum change	153	60
Affordability ratio (2017)	4.46	4.14
Uplift to household growth	3%	1%
Total need	157	60
Capped	157	60

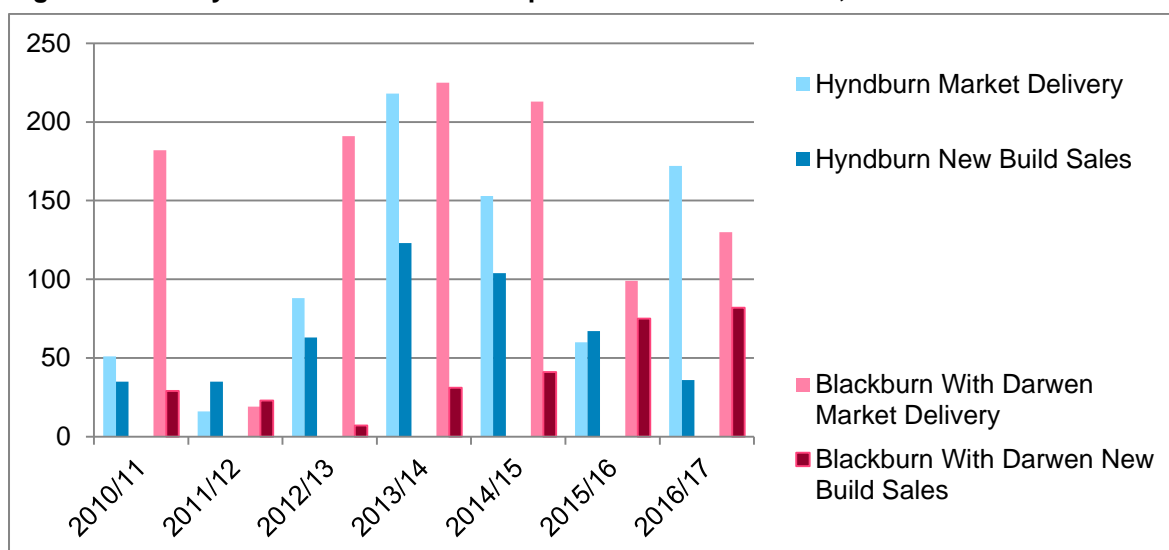
Source: Derived from ONS data

- 3.35 However it should be noted that at the present time these numbers hold little to no weight but may do so in the fullness of time. It is also likely that the revised methodology will only be adopted in 2019 at which time the period examined would be the 2019-29 period. Adopting that time period would reduce the housing need to 155 in Blackburn with Darwen and 58 in Hyndburn.

Completion Trends

- 3.36 We have also sought to run a sensitivity scenario looking at completion trends of new build market homes and new-build sales. The latter data is taken from the HM Land Register's price paid database and published by ONS whilst the former is from the local Authority Monitoring Reports (AMRs).
- 3.37 This analysis should come with a few caveats. Firstly the AMR data for completions, particularly by tenure is incomplete. It should therefore only be viewed indicatively. Furthermore some of the completions data will include sub-division while the new-build sales data will not. If properties are purchased through companies then these will also not be recorded as sales.

Figure 2: Newly built sales and net completions across the HMA, 2003-2017



Source: AMRs and Land Registry 2018

- 3.38 Figure 2 shows that market completions substantially outstrip sales of new build property in Blackburn with Darwen in particular. Since 2010/11 there has been on average a delivery of 151 new market homes. However in contrast only 41 new build sales have been achieved.
- 3.39 In Hyndburn since 2010/11 there has been on average a delivery of 108 new market homes. However in contrast only 66 new build sales have been achieved.
- 3.40 As mentioned above this could be because of the types of homes being delivered i.e. sub-division not counting as new build sales. Alternatively they are in build to rent schemes or self-build and were never intended to sell.
- 3.41 The agents did suggest that it was not typically investors who bought these properties but that part-exchange deals are popular. It is possible that such sales are not recorded by the Land Registry.

- 3.42 Even including consideration of these it would appear that the sales market is slow to catch up with delivery. This might in the longer term result in the slowing delivery until excess new-build stock can be sold.
- 3.43 We have however spoken to new-build sales agents in Accrington who suggested that the new-build properties are quick to sell. It was suggested that on average new-build properties are sold within one to three months of going on sale. It was noted that this had increased of late as a result of help-to buy.
- 3.44 By comparison there is not a substantive difference between to two factors in Hyndburn. Market completions number on average 108 with new build sales at an average of 66. Indeed in one year sales exceeded delivery suggesting that there is no significant surplus stock.
- 3.45 There has also been a notable trend in increasing delivery and new-build sales in Blackburn with Darwen since 2013/14. Again agents have suggested this is linked to help to buy. The agents noted that in Blackburn new build sales are very popular with one development of twelve units being sold off plan within two months. One agent said there is a demand for larger properties while the market has been delivering two and three bedroom properties.
- 3.46 The delivery and sales numbers in Hyndburn are in excess of the standard methodology, even when including the revised numbers this is not obviously the case in Blackburn with Darwen. This would suggest that the market could comfortably absorb additional homes above the standard methodology in Hyndburn.

Key Points

- In BwD population change has been driven by a positive level of natural change while in Hyndburn net out-migration to other parts of the country has been equally strong.
- The latest 2016-based population projection show a population growth over 2016 to 2036 in both BwD and to a greater degree Hyndburn to be negative (i.e. population decline). This contrasts with both the North West region (6%) and England (10%) equivalents.
- We have sought to examine alternative period from which to draw demographic data. Only one of these show a positive growth for Blackburn while none of them result in a positive growth for Hyndburn.
- Because of the way the population is occupying homes in smaller household sizes despite falling population growth housing need can still be positive.
- The analysis shows an overall housing need for 96 dwellings per annum (dpa) across BwD when using the 2016-based SNPP. This figure increases to 162 dpa with longer-term (10-year) migration assumptions.
- In Hyndburn, the three projections show a need in the range of 25-35 dpa depending on the scenario. The highest of these scenarios is based on the 2016-SNPP with updates to include the latest mid-year population estimate.
- The latest version of the Planning Practice Guidance (PPG) on Housing Need Assessment (September 2018) sets out a standard method to be used in calculating a housing need. Using this method shows a need for 99 dwellings per annum in BwD and 31 dpa in Hyndburn.
- However the Standard Methodology is also subject to an on-going consultation on potential changes to it. Using this potential standard method shows a need for 157 dwellings per annum in BwD and 60 dpa in Hyndburn.
- Since 2010/11 there has been on average a delivery of 151 new market homes in BwD and 108 in Hyndburn

4 MARKET SIGNALS

- 4.1 In this section we assess certain market signals in HMA authorities, namely Blackburn with Darwen (BwD) and Hyndburn, benchmarked against the regional (North West) and national comparators. Those taken from the census (over-crowding, tenure) have not been updated since the 2014 Strategic Housing Market Assessment (SHMA) report⁴.
- 4.2 The previous report set out a range of market signals in the housing market area, including:
- Median house prices across the HMA authorities were below the national and Lancashire averages. House Prices in 2013 were £97,000 in Blackburn and £87,000 in Hyndburn. The national equivalent was £190,000 and Lancashire's £130,000. In 2013 median house prices in BwD were 48% lower than the national average and in Hyndburn 54% lower.
 - The median house price for Blackburn with Darwen and Hyndburn had changed at a similar rate and displayed similar trends to Lancashire between 1996 and 2013. However, since 2006 prices in BwD had increased at a higher rate than those in Hyndburn and Lancashire.
 - Median rents in 2013 were £450 per month in BwD and £400 in Hyndburn. Those were 23% and 32% lower than the national average respectively. The VOA data demonstrated that median rents in BwD had stayed static since 2011, whilst rents in Hyndburn had decreased by 4.8% over the same period. This was in contrast to both county and national figures, where there had been a growth in rents of 2.6% nationally and 3.0% in Lancashire since 2011.
 - The ratio between lower quartile house prices and lower quartile earnings showed that since 2003 there was an increase consistently to 2007 and then the ratios began to fall as the recession hit. In 2012, the lower quartile house price to earnings ratio was 4.2 in BwD and 4.1 in Hyndburn. These were below both the national and county's equivalents.
 - In terms of development rates, there had been an under delivery of 1,500 homes in BwD and 420 homes in Hyndburn between 2003/04 and 2012/13 compared with the RSS figures which assumed a higher economic growth scenario, consequently tempered by the recession.
 - Overcrowding against the occupancy rating in Hyndburn (2011 data) is not considered to be severe, with just 4.57% of households living in a dwelling that is too small for their household size and composition. Overcrowding in BwD is at a higher level of 6.88%, although still below the national average of 8.74% nationally. Overcrowding within Lancashire as a whole is at a similar level to Hyndburn with just 4.58%.
- 4.3 The 2014 Study concluded that the scale of adjustment to housing supply over and above demographic-led projections at that time would not need to be substantial in line with the Practice Guidance most particularly due to the absolute median house prices and rental costs being very low in both Boroughs.
- 4.4 In the following sections we have sought to update some of this market signals compared to the county, regional and national comparators.

⁴ Available at [https://www.blackburn.gov.uk/New%20local%20plan%202/5.08%20Blackburn with Darwen%20Strategic%20Housing%20Market%20Assessment%20and%20Housing%20Needs%20Study%20July%202014.pdf](https://www.blackburn.gov.uk/New%20local%20plan%202/5.08%20Blackburn%20with%20Darwen%20Strategic%20Housing%20Market%20Assessment%20and%20Housing%20Needs%20Study%20July%202014.pdf)

House Price

- 4.5 The median price of homes sold in the HMA in 2017 was £100,625⁵ which is some of the lowest nationally. BwD median housing value was £106,000 in 2017 relating to an increase of 9% compared to 2014 study (data for 2013). Similarly Hyndburn's house prices have increased by 9% since 2013 reaching £95,000 in 2017. The HMA median figure is 55% below the national average (£222,000) and 49% below North West equivalent.
- 4.6 Table 16 shows the house values across the HMA authorities together with the wider comparators. We have sought to present also the lower quartile and mean equivalents. The housing values in HMA are below all the wider comparators. Within the HMA BwD has higher prices than Hyndburn across the different periods.

Table 16: House Prices 2017

	Median	Mean	Lower Quartile
Blackburn with Darwen	£106,000	£150,744	£72,000
Hyndburn	£95,250	£135,289	£60,000
HMA (Av.)	£100,625	£143,016	£66,000
Lancashire	£142,000	£185,507	£95,000
North West	£149,995	£210,823	£100,000
England & Wales	£222,000	£338,621	£140,000

Source: Land Registry 2017

- 4.7 Table 17 presents house price changes over the last 1, 5, 10, 15 and 20 years. Over the last year, the HMA has seen a change of 1.5%. All the wider comparators have seen an increase of 5%. On individual authority basis, BwD has seen an increase of 3.0% but Hyndburn has seen no change since last year.

Table 17: House Price Growth 1998-2017

Name	2017	1 year	5 years		10 years		15 years		20 years	
		Change %	Change %	annual change %	Change %	annual change %	Change %	annual change %	Change %	annual change %
BwD	£107,000	3.0%	10.3%	2.0%	2.9%	0.3%	114.2%	5.2%	206.2%	5.8%
Hyndburn	£100,000	0.0%	14.9%	2.8%	5.8%	0.6%	156.7%	6.5%	207.7%	5.8%
HMA (Av)	£103,500	1.5%	12.5%	2.4%	4.3%	0.4%	132.8%	5.8%	206.9%	5.8%
Lancashire	£148,000	2.1%	13.8%	2.6%	13.9%	1.3%	97.3%	4.6%	196.0%	5.6%
North West	£154,950	4.7%	19.2%	3.6%	16.9%	1.6%	93.7%	4.5%	209.9%	5.8%
England	£230,000	4.5%	24.3%	4.5%	29.6%	2.6%	81.1%	4.0%	253.8%	6.5%

Source: ONS Median house price by local authority district

- 4.8 Over the last 5 years, the HMA has seen an increase of 12.5% (2.4% per annum (pa)) compared to 24% (4.5% pa) nationally; 19% (3.6% pa) regionally and 13.8% (2.6% pa) in Lancashire. During the

⁵ Average figure

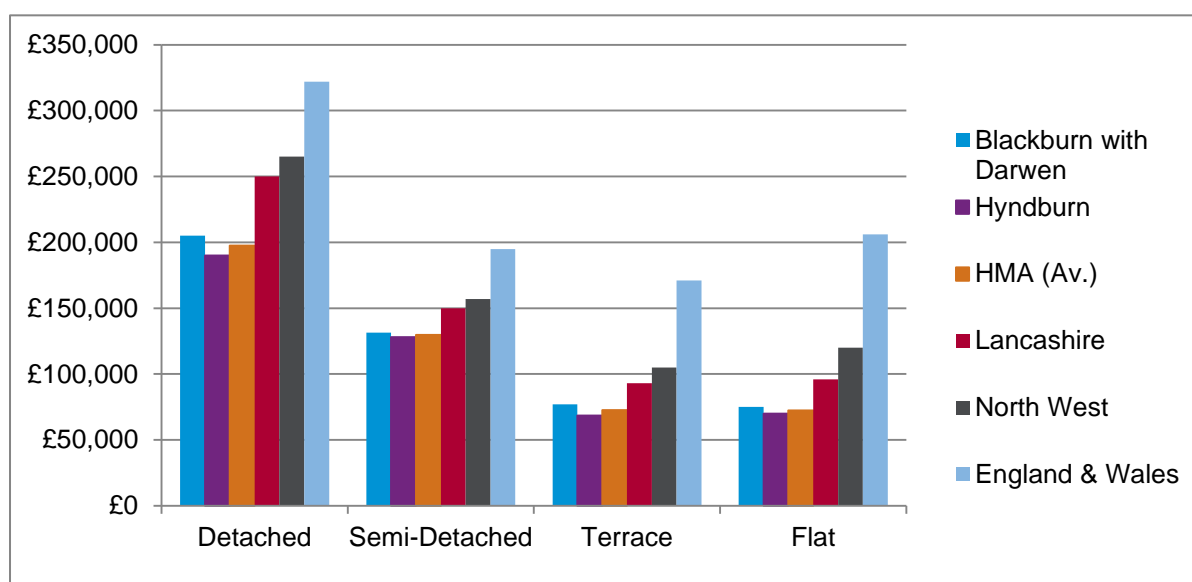
last 10 years house price values in the HMA have grown by just 4.3% (0.4% pa). This is significantly below the national (30%) and regional (17%) equivalents.

- 4.9 Over the longer term, house prices have been increased by 133% over the last 15 years and 207% over the last 20 years. These are compared to 81% and 254% in national level respectively. For the same periods North West has seen an increase of 94% and 210% while Lancashire's equivalents are 97% and 196%.
- 4.10 This illustrates that over the longer period house price growth has been behind the wider comparators but has some what slowed on comparison to national and regional trend particularly over the last 4 years.

Prices by Type

- 4.11 Figure 3 shows median house prices by type of property across the HMA and the wider comparators. Across all typologies, house prices in the HMA are below all the wider comparators and significantly below the national equivalents.
- 4.12 The median house price for detached properties in the HMA is £197,000; for semi-detached £129,750, for Terraced properties £72,750 and for flats £72,500. These are relevant also to the size of properties.

Figure 3: Median House Price by type 2017



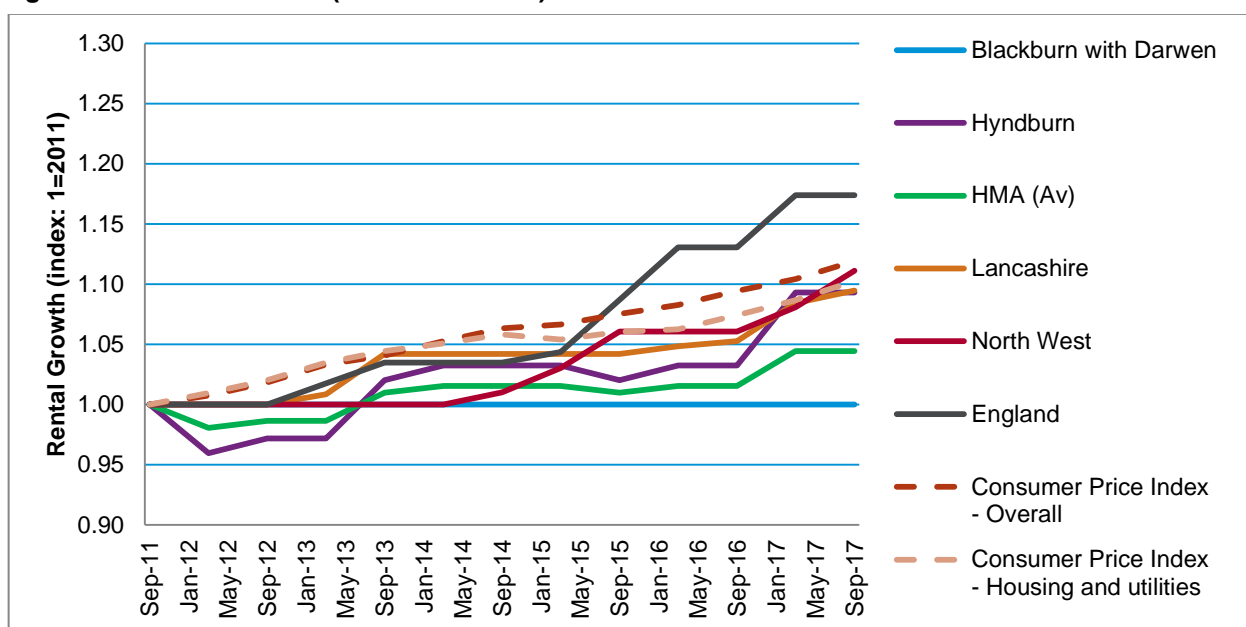
Source: Land Registry 2017

- 4.13 In all cases the house prices in Blackburn with Darwen exceed those in Hyndburn. This is particularly the case for detached and to a lesser extent terraced properties.

Rental Values

- 4.14 Median rental values have been recorded at £431⁶ per calendar month (pcm) in the year ending to September 2017 through 2,460 transactions recorded in Valuation Office Agency. Median rents have increased just by 4% since 2011.
- 4.15 The median rental price growth in the HMA are significantly below all the comparators including the general Consumer Price Index (CPI) and the Housing CPI. This means that in real terms rental costs have decreased.

Figure 4: Rental Growth (indexed to 2011)



Source: VOA 2017

- 4.16 Across the HMA authorities BwD has seen no change in its rental values since 2011 and Hyndburn has seen an increase of 9%. More detailed analysis on rental costs is provided in paragraphs 8.19-8.21.

Affordability Ratio

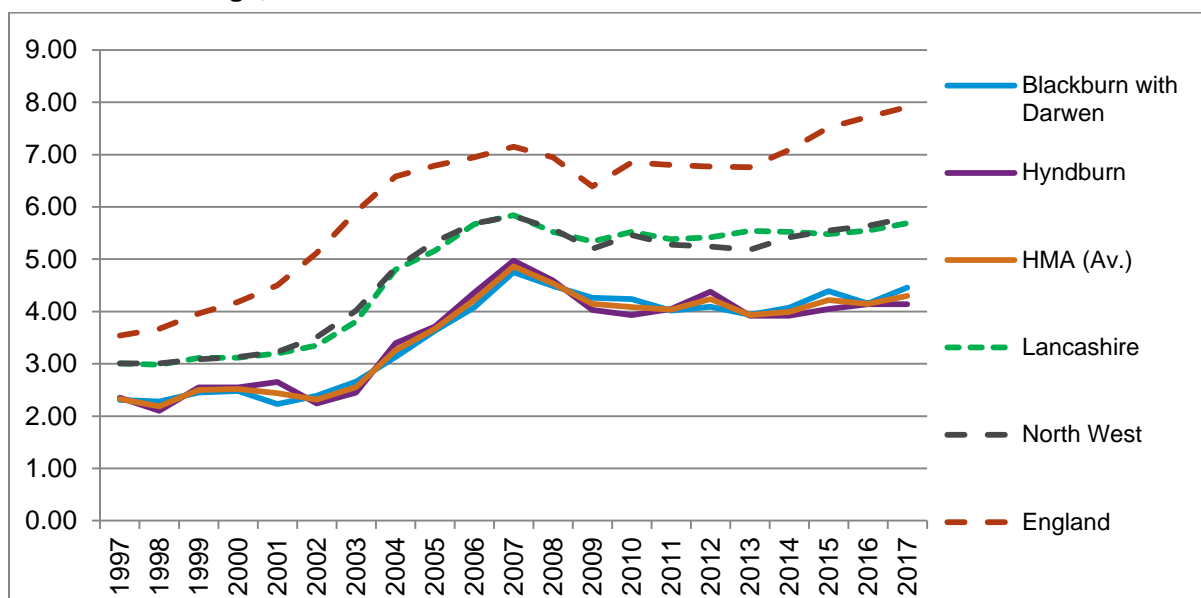
- 4.17 The average ratio of median house price to median gross annual workplace-based earnings for the HMA was 4.3⁷ in 2017. Over the last 20 years this has been increased by 96%, compared to national equivalent growth of 116%, regional of 92% and Lancashire's 91%.

⁶ average of the HMA authorities

⁷ average of the HMA authorities

- 4.18 Figure 5 shows the deteriorating affordability since 1997. There was an increase between 2003 and 2007 reaching the peak of 4.86. This was then followed by a recessionary decrease and since 2009 the trend has been comparably flat.

Figure 5: Affordability ratio – median house price to median gross annual workplace-based earnings, 1997-2017



Source: ONS 2018

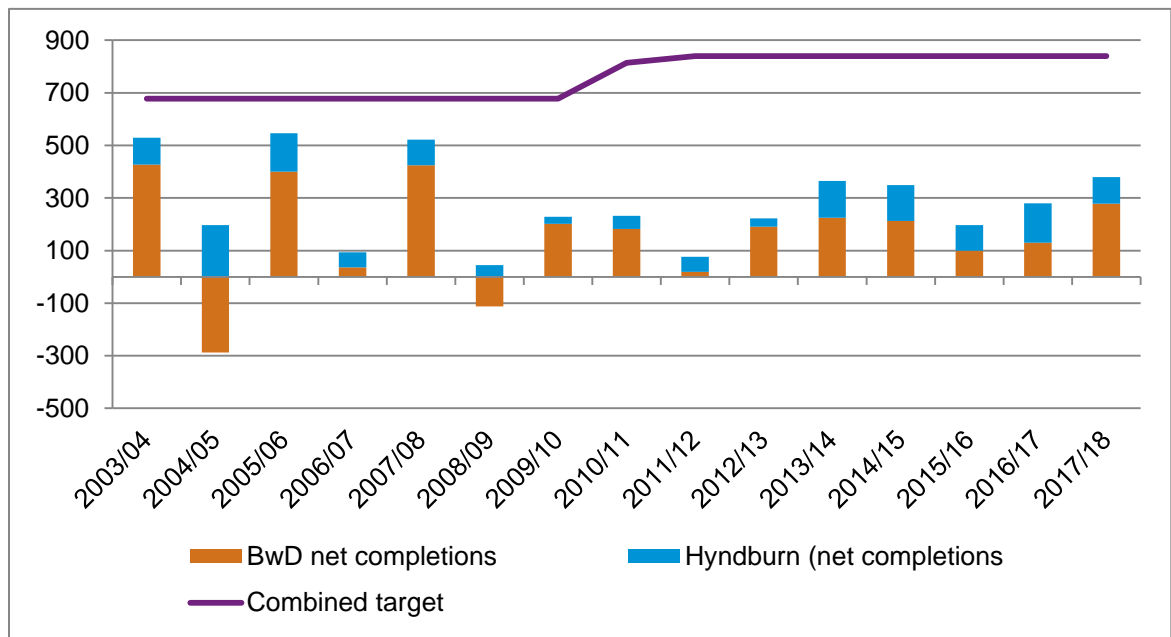
- 4.19 We sought also to assess the lower quartile affordability ratio which is the ratio of lower quartile house price to lower quartile gross annual workplace-based earnings. In 2017 the average ratio across the HMA was 3.89. This equates to an increase of 98% over the last 20 years. However England's equivalent at 7.26 has increased by 103%.
- 4.20 In terms of the residence based affordability ratio a similar conclusion can be drawn. In particular, the ratio of median house price to median gross annual residence-based earnings across the HMA is 4.30. This is below the national equivalent of 7.91 and North West's equivalent of 5.81.
- 4.21 This evidence does not support the existence of particular affordability pressures in market housing across the HMA. However, there will still be households who will not be able to afford any market property this is examined in Chapter 8.

Completions

- 4.22 Data has been drawn from the Councils' most recent Annual Monitoring Reports and Five Year Housing Land Supply publications. This information is combined to the previous SHMA Study dated in 2014. It is evident that since the recession the house building market has not recovered within the HMA.

- 4.23 When compared to the combined housing targets housing delivery has only approached the target once since 2003. This occurred in 2005/6 when 546 homes were delivered but was still below target of that year.

Figure 6: Net Completions 2003-18



Source: Council Monitoring Data

- 4.24 Cumulatively since 2003 a total of just over 3,800 new homes have been built in the HMA at an average of 270 per annum. This level of delivery is above the proposed standardised OAN of 130 dwellings per annum across the HMA which suggests that a higher rate of development would be feasible.

Qualitative Commentary

- 4.25 A primary research exercise was carried out in September 2018 by way of consulting with various local estate and lettings agents with a view to provide commentary in establishing the market housing demand in the area.
- 4.26 We managed to collect responses from six local estate agents who provided their views on the local market dynamics. Three of the agents were located in Blackburn and three were located in Accrington. The following agents provided their views:
- Your Move Darwen (Market Street, Blackburn);
 - Curtis Law Estate Agents (Limbrick, Blackburn);
 - Property Shop (Blackburn Road, Accrington)
 - Eafield & Maple (Blackburn Road, Accrington);

- Mortimers Estate Agents (Queen Street, Blackburn); and
- Thompson & Partners (Blackburn Road, Accrington).

Sales

- 4.27 There was a consensus that the housing market has remained slow but stable across the HMA for the past 4 years. Most agents stated that market conditions had improved recently in Huddlesden in the South of the study area.
- 4.28 There was agreement that buyers are unwilling to pay the high-end prices asked by vendors in the current market, with the lower-end properties selling a lot quicker due to the better availability of mortgages for properties below and in the region of £150,000. This was the case across all sub-markets.
- 4.29 It was noted that terrace properties are in high demand across the area and would be sold relatively quickly. The agents generally reported that the most popular property type is the more affordable (i.e. entry price level) type, 2-3 bedroom terrace properties within the region of £100,000 - £125,000.
- 4.30 These properties are highly in demand particularly from first time buyers and young families who are noted by many estate agents as dominating the current market. In particular, Darwen sub-area is popular to families, while Blackburn and Darwen Towns are more popular for singles and couples.
- 4.31 The agents noted that although there are a high number of first time buyers in the market there is not a specific profile of buyers that would particularly stand out as the area gets diverse interests from first time buyers to retired people.
- 4.32 It was however noted that central areas close to the town centres have a high proportion of council owned properties which limits the availability of properties on the market in these areas. The suburbs, attract more investors and first time buyers due to the good public transport links and accessibility. These areas are seen also as the most desirable in terms of both sales and lettings.
- 4.33 Whereas rural areas, tend to have more of the detached housing stock and attract families generally. In particular, Ribble Valley and Huddlesden were mentioned by estate agents as being popular with local clients already living in the area, inclusive of first time buyers and those retiring from more urban areas locally. These areas are attractive due to their rural location and quiet village environment.
- 4.34 The profile of buyers also included a high proportion of Buy-to-Let landlords and investors recently, with a number of investors choosing to purchase lower quality properties that after refurbishment are put on either rental or sales market.

- 4.35 The yield in Blackburn and Darwen were seen as very attractive for investment as there is generally a good supply of stock and improved rail links to Manchester every thirty minutes. There is an increase in demand from commuters looking to buy or rent cheaper properties. The agents also noted that the opening of new businesses/bars/restaurants in this area had encouraged the investment in the market.
- 4.36 Agents stated that Lower Darwen and Whitehall, together with areas south of the town centre are more desirable to live in compared to central Blackburn and inner city areas. These are affluent areas with a good offer of schools and nurseries drawing families into the area.
- 4.37 It was also noted that Accrington is popular to first time buyers, where affordability is seen to be good in relation to access to services and the quality of properties on the market.
- 4.38 The agents in Blackburn generally reported the asking prices of approximately:
- £60,000 for 1-bed properties
 - £90,000 for 2-bed properties
 - £140,000 for 3-bed houses
 - £210,000 for 4-bed houses
 - £250,000+ for 5-bed houses
- 4.39 The agents in Accrington generally reported the asking prices of
- £75,000 for 1-bed properties
 - £100,000 for 2-bed properties
 - £160,000 for 3-bed houses
 - £260,000 for 4-bed houses
 - £390,000+ for 5-bed houses
- 4.40 Darwen market to the south is strong with sales above £200,000 for any property. The agents reported that most properties in Darwen are within the price range of £400,000 and £500,000 however this varies as following:
- £215,000 for 2-bed semi-detached properties on outskirts of town;
 - £300,000 to £350,000 for 3-bed properties;
 - £500,000 for 4-bed detached properties; and
 - £750,000+ ranging up to millions for the larger executive properties.
- 4.41 All agents believed that the recent stamp duty changes will help first time buyers but none were able to provide any substantial evidence. The general consensus was that, whilst the stamp duty changes will help, the certainty of the market over the next 12 months is heavily dependent upon the outcome of Brexit negotiations influencing the willingness of buyers and investors to engage with the market.

- 4.42 The agents thought that the market will continue to be as buoyant if not busier over the next year. Whilst the prices may have been stable in recent years, they expect a slight increase in values and are expecting to be busy in terms of transactions particularly given the ongoing interest from investors and first time buyers in the area.
- 4.43 The agents reported an under-supply of smaller properties (i.e. 1-2 beds) and bungalows on the market, including both houses and apartments as well as at the opposite end of the spectrum an undersupply of the larger 3-4 bed detached properties. Some agents reported an oversupply of terraced houses.
- 4.44 Finally, agents noted the potential of new builds to sell well on the market although none of the agents were currently handling any new build properties.

Lettings

- 4.45 There was a consensus that the letting market is a buoyant market, busier than the sales market across the study area. The agents reported very strong demand for all types of rental properties in terms of cost and size, and expected to see greater supply across the area due to ongoing interest from buy-to-let investors.
- 4.46 It was noted that all types of properties are in demand and would be let relatively quickly. But the agents generally reported that the most popular property type is, similarly to the sales, the more affordable 2-3 bed terrace properties. It was noted that there is generally a shortage of 4-bed family properties particularly around areas where there are good schools nearby in Hyndburn Borough.
- 4.47 The profile of renters is diverse with a number of first time buyers and young families in their 20s and 30s who cannot afford to buy as yet. These are typically looking for the 1-2 bed properties. It was also noted that more established families also look for rental properties in more rural areas, which remain well connected, particularly in Darwen.
- 4.48 One estate agent noted that demand is particularly high from unemployed people/families in Accrington and more widely across Hyndburn, where clients are typically looking for 2-3 bed terraced properties.
- 4.49 Demand is high across the area from buy to let investors looking to buy poor quality terraced housing and carry out refurbishment in order to rent out for higher values. One estate agent noted that investors are using terraced housing as an opportunity to refurbish in order to create more profitable flats in Hyndburn.

- 4.50 The rental demand was seen as strong across the whole area and agents noted that there were no clear stand out sub-market in the rental market except broadly speaking those areas with good access to vehicular transport network (e.g. Motorway network to Manchester and Preston) and railway links to Manchester.
- 4.51 The agents in Blackburn generally reported typical asking prices for rents of approximately:
- £440-480pcm for 1-bed properties
 - £500pcm for 2 bed properties
 - £525pcm for 3 bed houses
 - £650pcm for 4 bed houses
- 4.52 The Darwen and southern sub-market generally reported lower rents at typically around:
- £325-420pcm for 1-bed properties
 - £380-410pcm for 2-bed properties
 - £510+pcm for 3-bed houses
- 4.53 The Accrington market generally reported similar rents at typically around:
- £325-420pcm for 1-bed properties
 - £440pcm for 2-bed properties
 - £520pcm for 3-bed houses
 - £840pcm for 4-bed houses
- 4.54 The agents all reported that the rents have either been stable or steadily increased in recent years. Most agents were positive that the rents will continue to increase but perhaps in a slower rate due to static wages and the potential impact of Brexit on the market.
- 4.55 The agents noted that many investors were looking for properties under £50,000, with a mix of small investors and those with pre-existing portfolios. Agents stated that terrace properties in the £500 - £700 pcm range were popular with investors alongside those with a more restricted supply such as four bed properties and bungalows within the £850 - £1,000 pcm range.
- 4.56 Most rental properties currently come from re-let stock and there are not that many new build properties that come on to the rental market across either Hyndburn or the BwD areas.

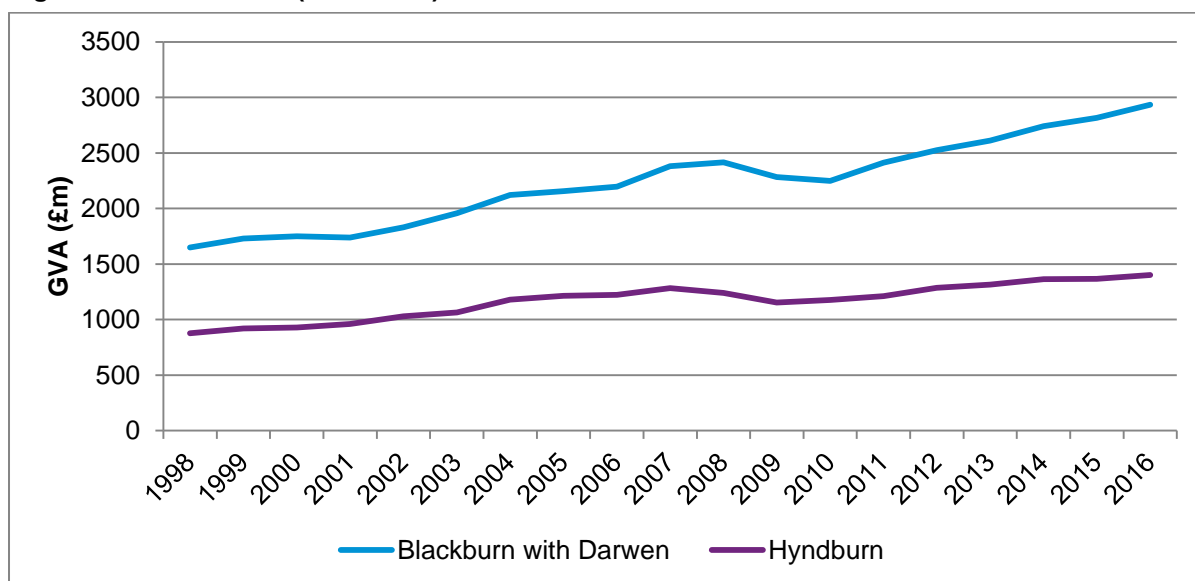
Key Points

- Median house prices across the HMA authorities were below the national and Lancashire averages at £100,625. House Prices in 2017 was £106,000 in Blackburn and £95,250 in Hyndburn.
- Median rents in 2017 were £430 across the HMA having increased by 4% since 2011 which is below the rate of inflation.
- The ratio of median house price to median gross annual workplace-based earnings for the HMA was 4.3 in 2017. Over the last 20 years this has been increased by 96%, compared to 116% nationally.
- Since 2003 a total of 3,800 new homes have been built in the HMA at an average of 270 per annum. This is above the 130dpa standard methodology need.
- Overall, the evidence does not support a further uplift on the demographic needs as a result of market signals.

5 ECONOMIC BASELINE

- 5.1 Blackburn with Darwen (BwD) local economy produced goods and services valued at just over £2.9 billion per annum Gross Value Added (GVA) in 2016, and Hyndburn's economy was worth just over of £1.4 billion in 2016.

Figure 7: GVA Trend (2005-2016)



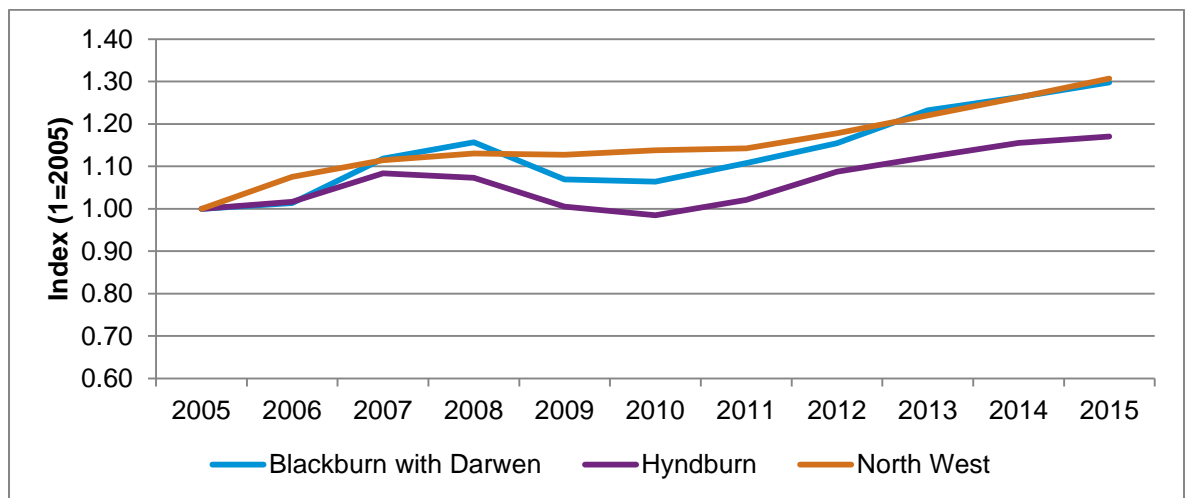
Source: ONS

- 5.2 While both Local Authorities have seen growth since 1998 (excluding the recessionary years) there has been considerable growth in the Blackburn economy, particularly since 2010.
- 5.3 The Business Register and Employment Survey suggests that Blackburn and Darwen economy supports 68,000 jobs in 2017 while the Hyndburn equivalent was 29,000. In both cases this was around 1,000 jobs higher than two years previous.

Employment and Economic Growth

- 5.4 Figure 8 shows the GVA growth trends compared to the trend for the North West region. This illustrates that BwD's GVA growth was broadly similar to the regional growth rate whereas Hyndburn's GVA growth was weaker than the regional levels.
- 5.5 However, both boroughs did see substantial contractions in GVA during the recession following the 2007/08 financial crash whereas the regional GVA was relatively steady during this period. BwD's recovery from this downturn to 2015 outpaced that of the regional growth while a similar recovery rate to the regional trend was seen in Hyndburn.

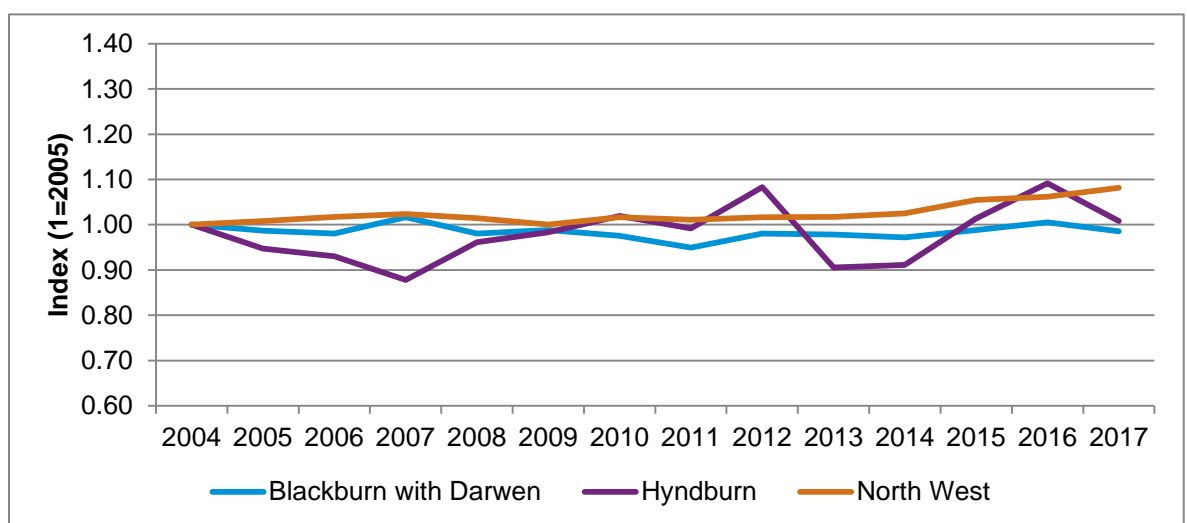
Figure 8: Indexed GVA Growth (2005-2015)



Source: Lancashire Enterprise Partnership

- 5.6 Since 2004, employment in BwD has stayed relatively steady at approximately 60,000 jobs although a slight dip during the recession including 2011 (57,800 jobs) can be noted. Hyndburn saw a more turbulent trend with jobs as low as 31,600 in 2011 and 32,600 in 2013, and as high as 39,000 in 2012 and 39,300 in 2016.
- 5.7 These trends are different to that seen at the North West regional level which had a relatively steady increase in employment. Growth in employment has not been as strong as the GVA growth in both boroughs, indicating productivity improvements within the local economy.

Figure 9: Indexed Employment Growth (2004-2017)

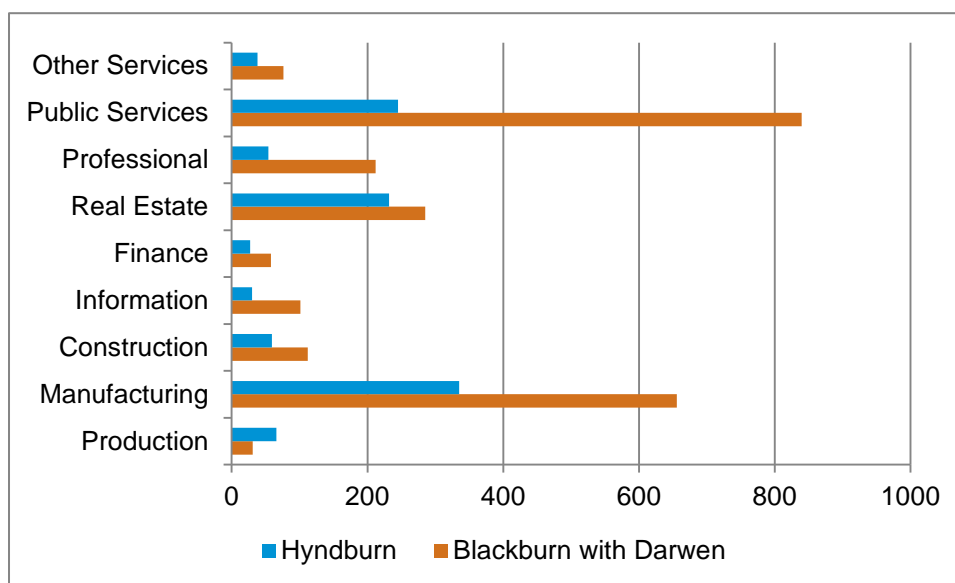


Source: ONS Annual Population Survey

GVA Growth by Sector

- 5.8 Figure 10 shows the breakdown of the two boroughs' GVA by sector in 2016. The strongest contributors to GVA in the two boroughs are the Manufacturing, Public Sector and Real Estate sectors.

Figure 10: GVA by Sector (2015)



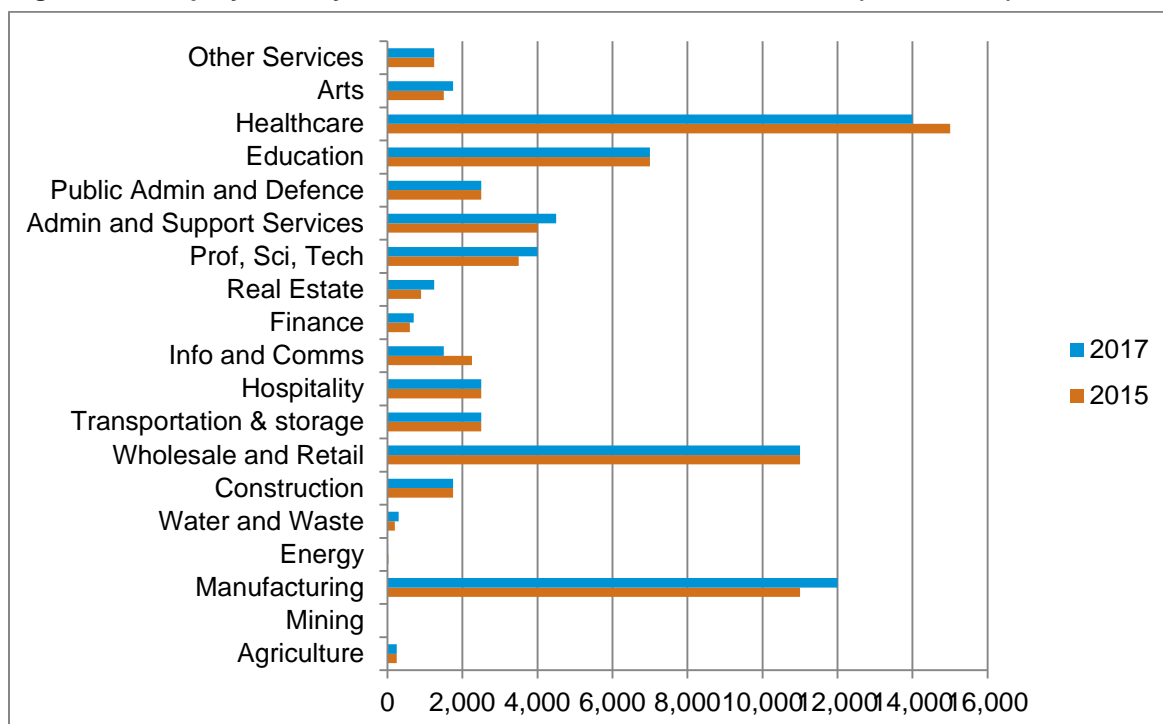
Source: ONS, 2018

- 5.9 For all sectors with the exception of production the GVA in Blackburn with Darwen exceeds that in Hyndburn. The production sector includes farming, forestry and mining and quarrying.

Employment Structure

- 5.10 BwD's largest sector in terms of total employment numbers is the Human Health and Social Work Activities sector with 14,000 jobs in 2017. There are also large numbers employed in the Wholesale and Retail sector (11,000 jobs), Manufacturing sector (12,000) and the Education sector (7,000).
- 5.11 Over the last two years the fastest growing sector was the manufacturing sector, which added 1,000 jobs. In contrast the largest reduction was in the healthcare sector which contracted by the same amount.

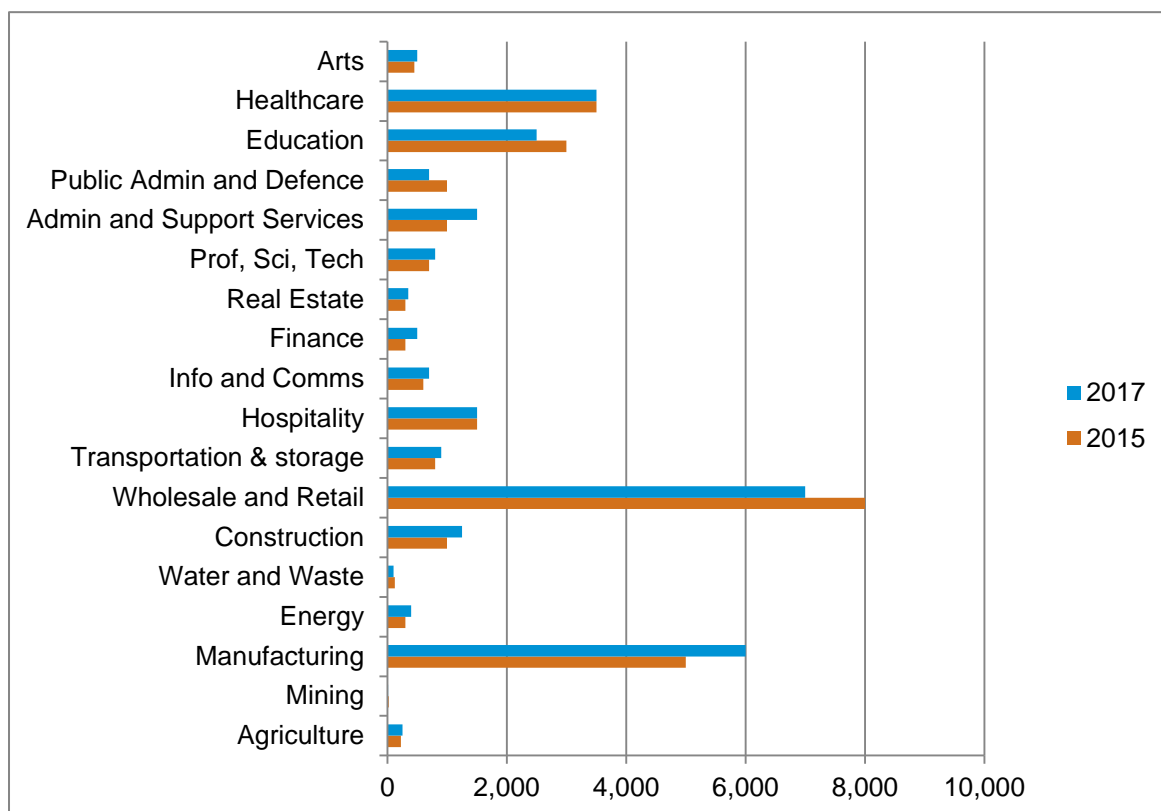
Figure 11: Employment by Broad Sector – Blackburn with Darwen (2015 - 2017)



Source: Business Register and Employment Survey, 2018

- 5.12 Other sectors which have seen large growth in the Borough over this period are Professional, Scientific and Technical and Admin and Support Services (+500 jobs), and Real Estate (350 jobs). In percentage terms the largest growth was in the Water and Waste sector (50%) followed by the Real Estate (33%) and Arts and Finance and Insurance (both 18%).
- 5.13 The public sectors of Public Administration and Defence; Compulsory Social Security and the semi-public sector and the semi-public Arts, Entertainment and Recreation sectors have seen a loss of 1,000 jobs in since 2015 (all healthcare). Other sectors which have seen reductions in total jobs include Energy (-10) and Information and Communications (-750 jobs).
- 5.14 Hyndburn's largest sector in terms of total employment numbers is the Wholesale and Retail Trades which includes the repair and sale of motor vehicles with 7,000 jobs in 2017. There are also large numbers employed in the Manufacturing sector (6,000 jobs), Human Health and Social Work Activities sector (3,500) and the Education sector (2,500).
- 5.15 In Hyndburn, the manufacturing sector has seen the largest jobs growth since 2015, with a growth of 1,000 jobs. Other sectors which have seen growth in the District over this period are Administration and Support services (+500 jobs) and Construction (+250 jobs).

Figure 12: Employment by Broad Sector – Hyndburn (2015 - 2017)



Source: Business Register and Employment Survey, 2018

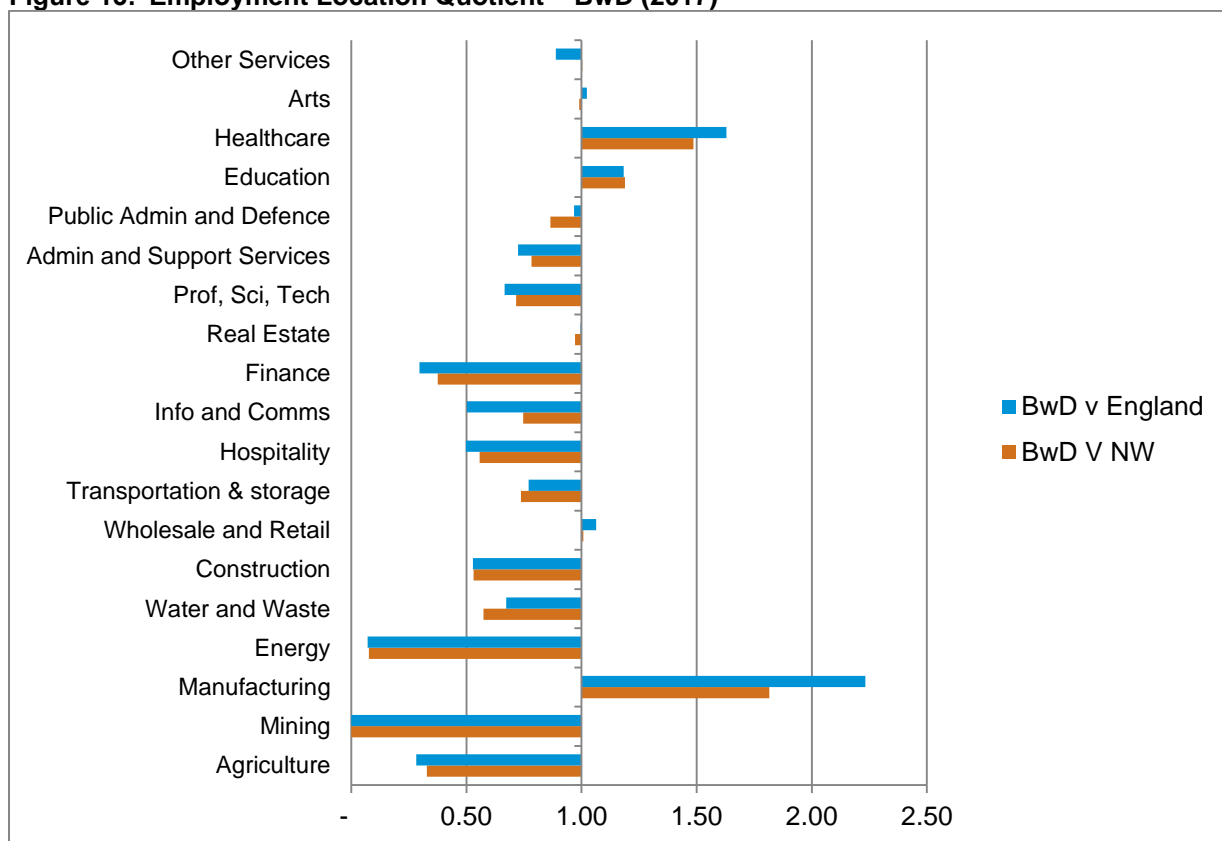
- 5.16 In percentage terms the largest growth was in the Finance and Insurance (67%) followed by the Admin and support services sector (50%) and Energy sector (33%).
- 5.17 The above figures do not explicitly identify jobs in the tourism sector, but these are divided across the accommodation and food service and Arts, entertainment and recreation sectors. In combination, these totalled just below 4,000 jobs in 2017 in BwD and have seen an increase of 250 jobs since. Hyndburn's tourism sector totalled 2,000 jobs in 201 and have seen a growth of 50 jobs since 2015.

Location Quotient

- 5.18 Figures 13 and 14 overleaf show the location quotient analysis of BwD and Hyndburn's employment structures compared to the structures at regional and national levels. In relative terms, sectors with the largest comparative over-representation in BwD are Manufacturing, Human Health and Social Work Activities, Education and Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sectors all of which are stronger than the national and regional trends.

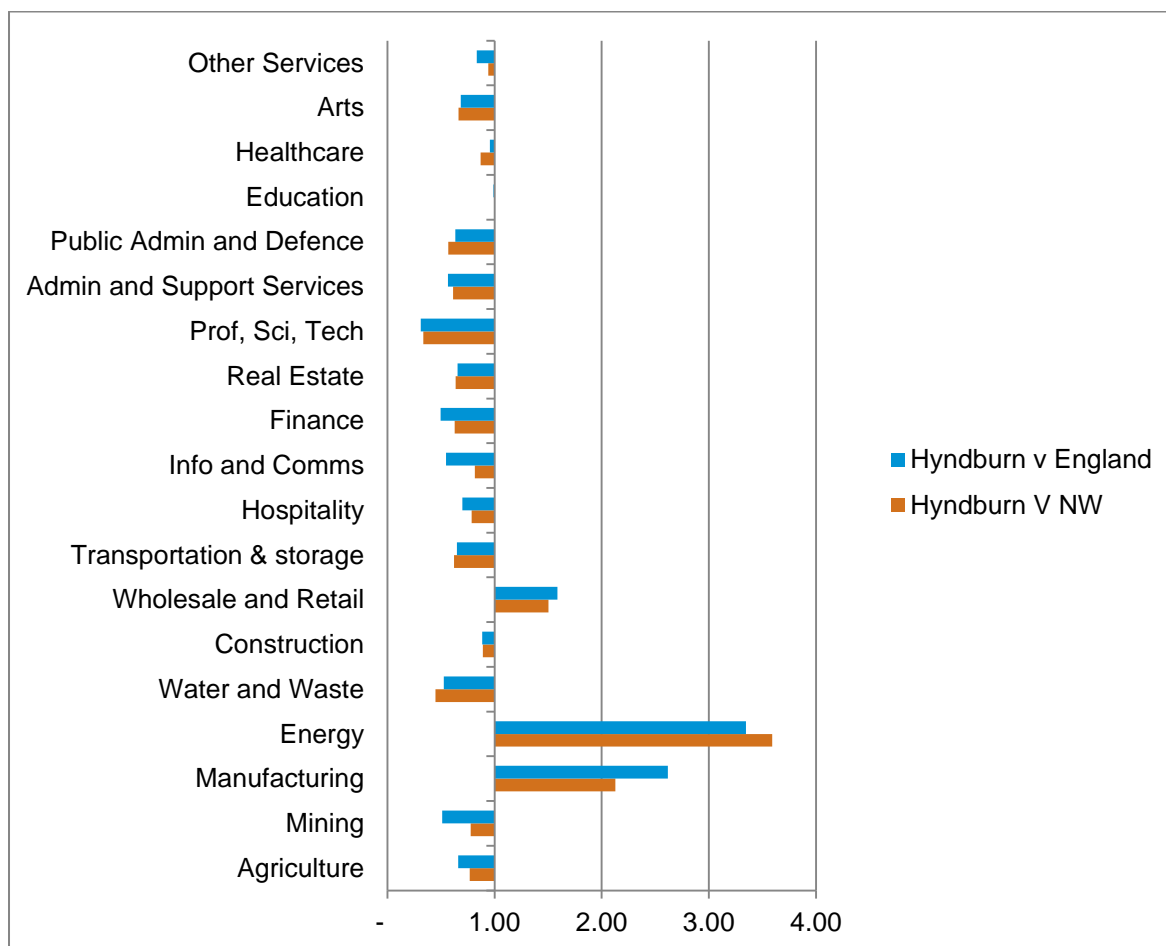
- 5.19 In Hyndburn, the sectors with the largest overrepresentation are the Utilities, Manufacturing, Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles and Education sectors which are stronger than the national and regional trends.
- 5.20 Against the regional representation BwD also has a strong Information and Communication sector while Hyndburn has strong a Energy and Manufacturing sector.

Figure 13: Employment Location Quotient – BwD (2017)



Source: BRES

Figure 14: Employment Location Quotient – Hyndburn (2017)



Source: BRES

5.21 There are a number of sectors in the Boroughs which are relatively under-represented in comparison to the regional and national representations. In BwD, of particular note are Agriculture, Forestry and Fishing, Mining and Quarrying, Electricity, Gas, Steam and Air Conditioning Supply, Water Supply; Sewerage, Waste Management and Remediation Activities, Accommodation and Food Service Activities and Financial and Insurance Activities sectors.

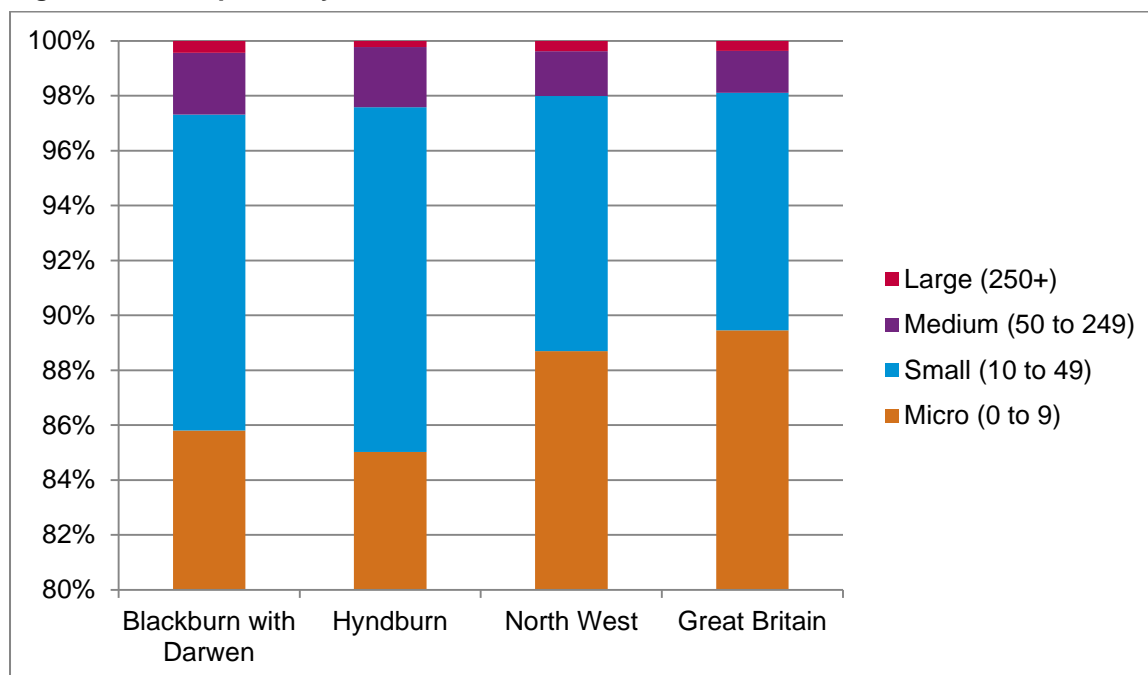
5.22 In Hyndburn, of particular note is the under-representation of Agriculture, Forestry and Fishing, and high values sectors such as Financial and Insurance Activities, Professional, Scientific and Technical Activities and Administrative and Support Service Activities.

Business Base

5.23 There are 4,650 business located in BwD and 2,270 businesses locating in Hyndburn. The vast majority of the enterprises based in BwD (85.8%) and Hyndburn (85%) being micro businesses which employ fewer than 10 people. This group includes a high percentage of self-employed and

sole-traders in general. This is slightly lower than the regional (88.7%) and national (89.5%) equivalents.

Figure 15: Enterprises by Size, 2017



Source: UK Business Counts, NOMIS 2017

5.24 There are 20 businesses in BwD and 5 businesses in Hyndburn that have over 250 employees. As with the regional and national picture employment within BwD and Hyndburn are not overly reliant on a small number of major employers. This provides the districts with a level of resilience to a major downturn affecting a single business or sector. Although downturns across a single sector could impact the areas resilience.

5.25 The statistics do not allow us to break down these by sector but it is known that the largest employers in Blackburn are the NHS, the Council, Eurogarages, Crown Paints, and Graham and Brown Wallpaper Manufacturers. In Hyndburn, they include Accrington and Rossendale College, Bensons Beds, Coach House Antiques, Carboard Box Company, Express Gifts, RLC Calendar, Senator International, Simon Jersey, and Whatmore.

Labour Market

Economic Participation

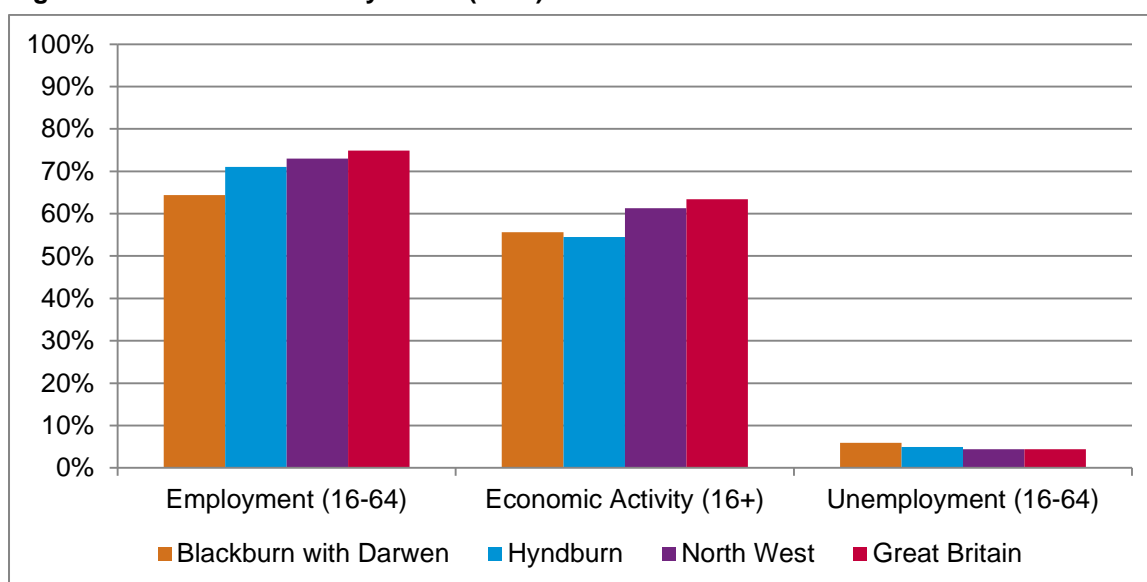
5.26 Figure 16 shows employment and unemployment as a percentage of the working age population (defined by ONS to be the population aged 16-64 years). The figure also shows economic activity

as a percentage of those aged over 16. The latter is inevitably lower as it includes a large number of retired people.

5.27 The figures show that the employment rate of 16-64 year olds in BwD is 64.4% and 71% in Hyndburn. These are lower than the regional rate (73%) which itself is below the national rate (74.9%).

5.28 In BwD the employment rate for males is 69.5%, which is significantly lower than the regional rate (77.3%) and the national rate (79.6%). For females the employment rate in BwD is 59.3% - significantly lower than both the regional (68.8%) and national (70.3%) averages.

Figure 16: Economic Activity Rates (2017)⁸



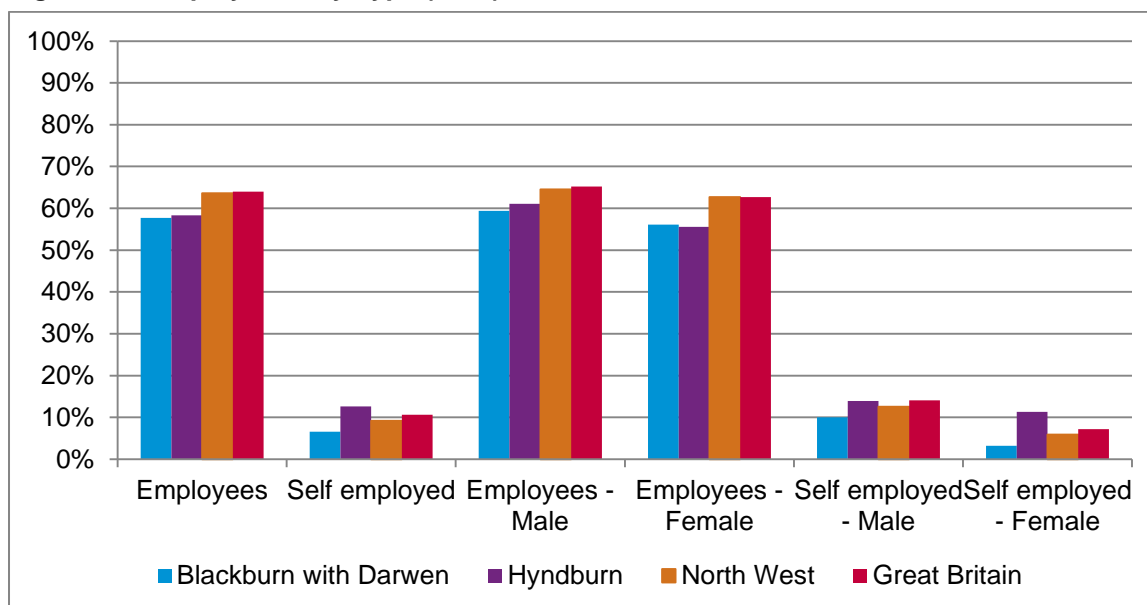
Source: ONS Annual Employment Survey

5.29 In Hyndburn the employment rate for males is 75%, which is lower than the regional rate (77.3%) and the national rate (79.6%). For females the employment rate in Hyndburn is 66.9% - lower than both the regional (68.8%) and national (70.3%) averages.

5.30 The Economic Activity Rate describes the percentage of working-age adults (16+) who are working or looking for work. Note this is a slightly different denominator. The Economic Activity Rates in both BwD (55.6%) and Hyndburn (54.5%) are lower than the other comparators.

⁸ Employment as % of people aged 16 -64 who did some paid work in the reference week (whether as an employee or self-employed); those who had a job that they were temporarily away from (e.g. on holiday); those on government supported training and employment programmes; and those doing unpaid family work (i.e. working in a family business).; Economic Active people, who are economically active, expressed as a percentage of all people; Unemployment as % is a proportion of economically active population.

Figure 17: Employment by Type (2016)



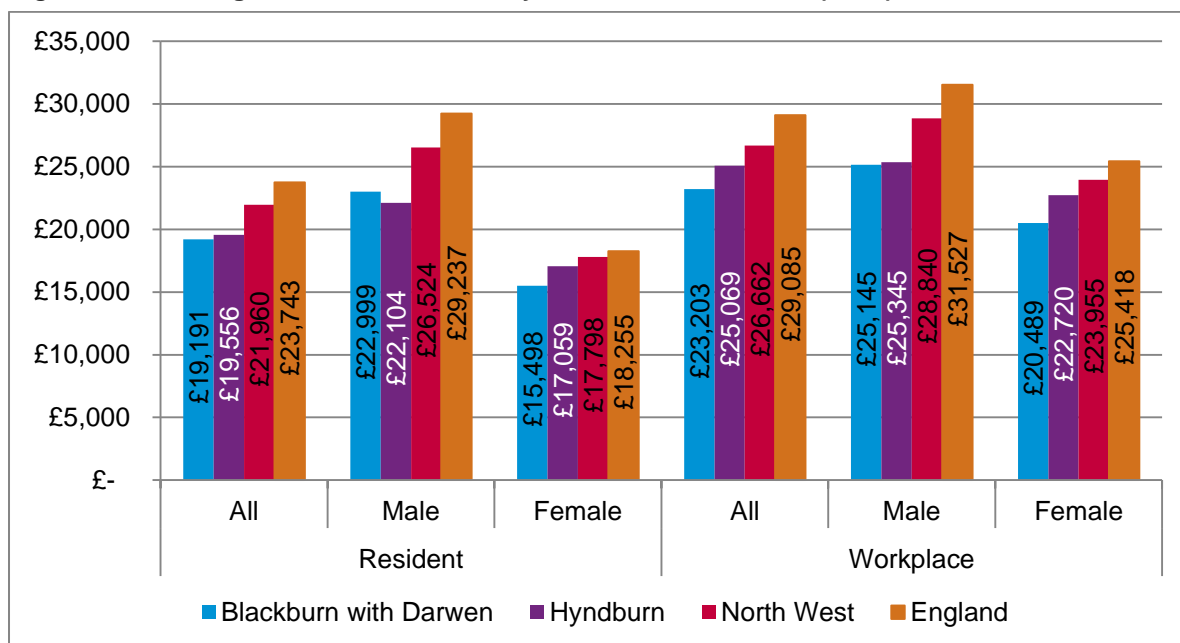
Source: ONS Annual Employment Survey

- 5.31 Unemployment within BwD (5.9%) and Hyndburn (4.9%) are higher than that seen in the North West region and the national figure (both 4.4%). Although the level of self-employment in Hyndburn (12.6%) exceeds the regional figure (9.2%) and national trends (10.6%). This is driven by a particularly high level of self-employed females.

Earnings

- 5.32 BwD residents in employment earn a median gross annual pay of £19,191 and Hyndburn residents earn a slightly higher median gross annual pay of £19,556. However, these are lower than the median for North West (£21,960) and England as a whole (£23,743).
- 5.33 GL Hearn use median values in preference to mean values for earnings data. This is because median values are less influenced by extreme values and because of the skewed distribution of earnings data.
- 5.34 The median gross annual pay of people working full-time in BwD (£23,303) is higher than the figure for residents' median gross pay. The same pattern occurs in Hyndburn where the median gross annual pay for people working full-time in the Borough is £25,069. These are however still lower than the North West median of £26,662 and the England median of £29,085.

Figure 18: Earnings – Annual Median Pay of Full-Time Workers (2017)



Source: ONS Annual Survey of Hours and Earnings, 2017

- 5.35 Those working full-time in BwD typically earn around £4,000 more and Hyndburn around £5,000 more than those who reside in the districts. This indicates that the higher paid jobs in the districts are occupied by people that do not live in the districts.

Key Points

- BwD's economy produces goods and services valued at £2.7 billion per annum (GVA) and supports around 60,000 jobs.
- Hyndburn's economy produces goods and services valued at £1.3 billion per annum (GVA) and supports around 36,000 jobs.
- BwD's largest sector in terms of total employment numbers is the human health and social work activities sector. In relative terms, key sectors of strength in BwD are manufacturing, human health and social work activities, education and wholesale and retail trade
- Hyndburn's largest sector in terms of total employment numbers is the wholesale and retail trade. In relative terms, key sectors of strength in Hyndburn are the utilities, manufacturing (textiles and furniture), wholesale and retail trade and education sectors.
- The vast majority of the enterprises based in the two districts are micro businesses which includes self-employed and sole-traders
- The two districts' employment and economic activity rates are relatively low in comparison to the regional and national trends. While the unemployment rates in BwD (5.9%) and Hyndburn (4.9%) are both higher than the regional and national levels (both 4.4%).
- BwD residents in employment earn a median gross annual pay of £19,191 with those working in the district earning £23,203. This indicates that the higher paid jobs in the district are occupied by people that do not live in the district.
- Hyndburn residents in employment earn a median gross annual pay of £19,556 with those working in the district earning £25,069. This indicates that the higher paid jobs in the district are occupied by people that do not live in the district.

6 EMPLOYMENT FORECASTING

6.1 This section considers future employment growth in BwD and Hyndburn as forecasted by Oxford Economics in 2018. This forecast is the trend based forecast used as a baseline to assess the future employment land requirements across the area.

6.2 In addition to the forecasts we have also developed an economic growth scenario which moves away from a purely trend based forecast to take into account local strategies for growth and recent and planned investment.

6.3 This is informed by a review of the relevant economic strategies including those of the two Boroughs together with Lancashire Local Enterprise Partnership (LEP) in order to better understand the strengths and opportunities within the local economies and amend the forecasts accordingly.

Review of Economic Strategies

6.4 Herein we summarise the relevant economic strategies and the competitive strengths and weaknesses of the local economy.

Lancashire Enterprise Partnership Strategic Economic Plan (SEP) 2015-2025

6.5 The SEP identifies key priorities and programmes, which command local support and funding commitments. All programmes have the ability to deliver and benefit from Growth Deal and European Structural & Investment Fund support from 2015/16 onwards.

6.6 These priorities include:

- A sector development programme seeking £11m in competitive Growth Deal funding to improve the capability and capacity of Lancashire's competitive strengths in advanced manufacturing, particularly in aerospace, automotive and energy.
- A skills for growth programme seeking £47m in competitive Growth Deal funding, underpinned by a capital investment strategy consistent with agreed economic priorities, including a new Apprenticeship Hub to increase SME engagement and apprenticeships.
- An enhanced business growth hub requiring £12.8m in competitive Growth Deal funding to strengthen the support Boost can deliver to high growth SMEs.
- An enhanced Growing Places investment fund seeking £30m in competitive Growth Deals funding to enable the LEP to continue unblocking stalled development opportunities critical to the economic regeneration of Lancashire.

6.7 The Partnership's priority sectors are:

- Advanced Manufacturing (aerospace, automotive, food & drink, textiles, chemicals);
- Creative and Digital (IT, advertising, music & performance, publishing);
- Energy and Environmental Technologies;
- Health and Social Care;
- Finance and Professional Services;
- Visitor Economy; and
- Construction.

Growth Deal Implementation Plan

- 6.8 The Lancashire Growth Deal aims to release the growth potential of the whole of Lancashire, building on key local economic assets including the universities and colleges, the Enterprise Zone, the Preston and Lancashire City Deals and high-value business clusters across the county.
- 6.9 The key priorities include:
- Releasing Growth Potential – through essential transport improvements to motorway junctions and railway lines as well as building new roads which support job creation and enable the release of more land for homes and businesses
 - Growing the local skills and business base - with a £10m 2015/16 skills allocation, which includes £400k revenue to support Lancashire's Business Growth Hub.
 - Innovation and Manufacturing Excellence - Maximise the economic value of Lancashire's centres of research and innovation excellence and globally competitive business clusters.
- 6.10 The key projects included in the Growth Deal and related to the study area are:
- Bolton Rail Corridor: Track enhancement and station improvements to allow additional train frequency/reliability between East Lancashire and Greater Manchester to increase usage/performance and support development activity.
 - Blackburn Town Centre Improvements: Orbital completion and public realm improvements.
 - Hyndburn-Burnley Pendle Growth Corridor: Transport and highways junction improvements to improve journey times and support employment and residential development activity
 - Making Rooms - Lancashire First Fab Lab: The Making Rooms scheme will see the conversion of a currently vacant site in Blackburn town centre into a new centre for creativity and innovation. The finished development will consist of; A Fabrication Laboratory (Fab Lab), Office space, Event Space & Catering facilities
 - Pennine Gateways: The proposal will deliver key transport infrastructure improvements at 3 main gateways into Blackburn from the M65 at Junctions 4, 5 and 6 to unlock new housing and employment growth in one of England's most deprived areas. The proposal also supports the growth plans of the Royal Blackburn Hospital and its intention to become a university teaching centre. The proposal complements existing Growth Deal investment in Darwen and supports the LEP's strategic priority of enhancing the economic M65, as east Lancashire's primary growth corridor. The scheme, which delivers significant levels of private sector investment, also complements and supports the case for Highway England to upgrade M65 between JCTS 2-6 and enables the delivery of walking and cycling infrastructure to support economic growth.

Pennine Lancashire Growth and Prosperity Plan 2016-2032⁹

- 6.11 The Pennine Lancashire Growth and Prosperity Plan has been produced by Pennine Lancashire leaders and chief executives and covers the five local authority areas of BwD (BwD), Burnley, Hyndburn, Pendle and Rossendale, and includes Lancashire County Council.

⁹ Available at https://www.burnley.gov.uk/sites/default/files/RPP_Pennine%20Lancashire%20Growth%20%20Prosperity%202016-32.pdf

- 6.12 The Plan sets the ambition to accelerate economic growth and housing development in Pennine Lancashire, closing the productivity gap and ensuring that Pennine Lancashire builds on its position as a major contributor to the Lancashire economy and the Northern Powerhouse.
- 6.13 The plan is intended to inform and support the delivery of the Lancashire Strategic Economic Plan, the Lancashire Plan, the Northern Powerhouse and a Lancashire-wide devolution deal.
- 6.14 The Plan makes particular reference to the following four employment sites in Blackburn:
- Blackburn Knowledge Zone in Blackburn's Town Centre: The Knowledge Zone concept seeks to attract investment and new higher value jobs to Blackburn and to develop higher value knowledge-based industries which build on the strong foundation provided by local aerospace and advanced manufacturing industries. This is also supported by the Blackburn Town Centre Strategy¹⁰.
 - Pennine Gateway in North Blackburn: A new project investing £2.6m to improve a key gateway to the Borough at Brownhill Roundabout and nearby junctions. The package of improvements is being developed as part of the wider £13m Growth Deal 3 Pennine Gateways project which will deliver key transport improvements at main gateways into BwD between 2019 and 2021. The project is funded from Central Government's Local Growth Deal via the Lancashire Enterprise Partnership. The package of improvements is focussed on the following:
 - Brownhill roundabout –this forms a key intersection between the Ribble Valley, Blackburn Town Centre and Blackburn's major employment zones at Whitebirk, bringing wider connectivity to the M6/M65/M66 motorways. A number of designated housing sites are close to the junction, hence the need to upgrade this and adjacent junctions on the highway network.
 - Pleckgate Road / Ramsgreave Drive (Knowles Arms) junction improvement, including new traffic signal equipment.
 - Whalley Old Road / Whitebirk Drive junction capacity upgrade, increases to the northbound "stacking" lane on Whitebirk Drive and new traffic signal equipment.
 - Furthergate Business Park located close to Blackburn town centre and J6 (Whitebirk) of the M65 Motorway is a key employment site which is expanded at east. The site hosts office, industrial and warehouse businesses offering a huge range of employment space;
 - FabLab Blackburn - Making Rooms: This is a place where creativity, technology and advanced manufacturing come together in a community facility for use by businesses and the public to design and make anything from high-tech products and gadgets to toys, artworks, home decorations and t-shirts. The Fab Lab contains an impressive range of modern fabrication equipment combining advanced manufacturing with traditional craft processes
- 6.15 Similarly, the Plan refers to the following key site in Hyndburn:
- Whitebirk, Hyndburn: this lies on the eastern edge of Blackburn however is part of Hyndburn administrative area. It mainly concentrates key retail activity of big wholesale units.
- 6.16 The Plan also refers to two more Strategic Business Parks in Hyndburn including:
- Huncoat where an emerging masterplan aims to provide up to 2,000 new homes and employment land development of up to 17 Ha of employment land; and

¹⁰ Available at
<https://www.blackburn.gov.uk/New%20local%20plan%202/4.06a%20Blackburn%20Town%20Centre%20Strategy%202010-2025.pdf>

- **J7 Business Park:** The 50-acre business park at Clayton-le-Moors was acquired by the Blackburn-based Adhan group of companies in 2016. As well as refurbishing the existing one million sq ft of premises on the site, it plans to construct an additional 500,000 sq ft of modern purpose-built industrial and commercial units on vacant land.

Blackburn with Darwen Plan for Prosperity 2014-2020

- 6.17 The Plan for Prosperity sets out how Blackburn with Darwen's Local Strategic Partnership Board (LSP) intends to secure greater prospects for the Borough over the next six years. It brings together the policies and strategies for growth into one place.
- 6.18 Key economic opportunities identified through the study include:
- Improve M65 capacity
 - Further retail development in the Former Market Hall site
 - Improved bus connections – including a new rapid bus transport scheme which is aimed at improving public transport along the Accrington – Blackburn – Darwen corridors linking in with the strategic east-west and north-south railway lines.
 - Strengthen education offer: The Infrastructure Delivery Plan (2014) has identified that there will be a need for additional primary school capacity in Blackburn and Darwen to serve the housing growth areas.
 - Relevant difference - play to strengths rather than competing with other towns
 - Delivery of Whitebirk Strategic Employment Site
 - Adopt flexible planning framework policies which allow developers to adapt and respond to prevailing market conditions
 - Property market to tap into entrepreneurs
 - Improving the retail offer

Hyndburn Borough Council Corporate Strategy 2018 to 2023

- 6.19 This strategy defines Hyndburn Council's priorities over the next 5 years which will work towards delivering the Council's long term vision for the borough. Housing and employment growth are central to Hyndburn Council's strategic vision for the Borough.
- 6.20 Achieving economic prosperity is in part about having access to good quality, well paid jobs and is central to this corporate strategy including a commitment to increase and improve access to good quality employment opportunities.
- 6.21 The Council will plan and deliver major regeneration projects across the borough working in partnership with the private sector. They will work with businesses and other private and public sector partners to deliver job creation, business growth, and inward investment.

- 6.22 Site specific investment includes Frontier Park at Whitebirk which will create and host up to 2000 jobs including new businesses. Business growth is to be stimulated through the development of a network of enterprise havens. These include Accrington Market Hall refurbishment the former Town Hall at Great Harwood which will include incubator suites and 15 modern business suites.
- 6.23 Creative businesses have also been catered for at the Stables and Motor House Artist Studios at Haworth Art Gallery.
- 6.24 In addition, Huncoat has been granted Housing Zone status by the government and a masterplan, which is currently being developed, aims to unlock housing and employment land for development and at the same time provide a planning framework and spatial plan that maximises the place-making potential for Huncoat This is located close to Altham Business Park which has grown significantly over recent years and the Council now sees as a key strategic employment location in the Borough.
- 6.25 Huncoat could make a major contribution towards the future housing growth in Hyndburn with the potential for up to 2,000 new homes in the long term. In terms of employment, the former Power Station site is also identified as a potential area for new employment opportunities. The masterplan process will investigate the optimal mix of housing and employment in the area and recommend a preferred option to take forward in the Local Plan.

Economic Forecasting

- 6.26 Economic data has been provided by Oxford Economics to support and inform the Lancashire Enterprise Partnership Plans and Strategies. The LEP have commissioned a range of studies to create the comprehensive evidence base and have drawn together key priorities and objectives from the studies and identified common themes and issues. This has formed the basis of the Lancashire Skills and Employment Strategic Framework.
- 6.27 OE has modelled the forecast with 2018 being the base year and projected it to 2028. GL Hearn has analysed the forecasts and projected it to 2036 in order to align with two Councils' emerging plan periods. This comprises the baseline forecast for this Study.
- 6.28 In addition, we have amended the forecast based on the review of the local economic strategies (as presented above), past completions trends, together with our local knowledge for the market in order to provide an "economic *growth scenario*". This scenario focuses on the area's priority sectors and local strengths.
- 6.29 We have also considered the Hyndburn Business Survey 2018 findings. This was conducted earlier this year and reveals the need of some businesses to expand over the next 5 years. Its findings

have been modelled within the Economic Growth Scenario. Table 18 shows the level of employment growth within the two forecasts for the period up to 2036.

- 6.30 According to the baseline forecast a reduction of 284 jobs is estimated to occur between 2018 and 2036 across the HMA/FEMA area. In particular, the baseline forecast expects jobs in Blackburn to grow by 74 jobs, while Hyndburn's economy is expected to shrink by 358 jobs.

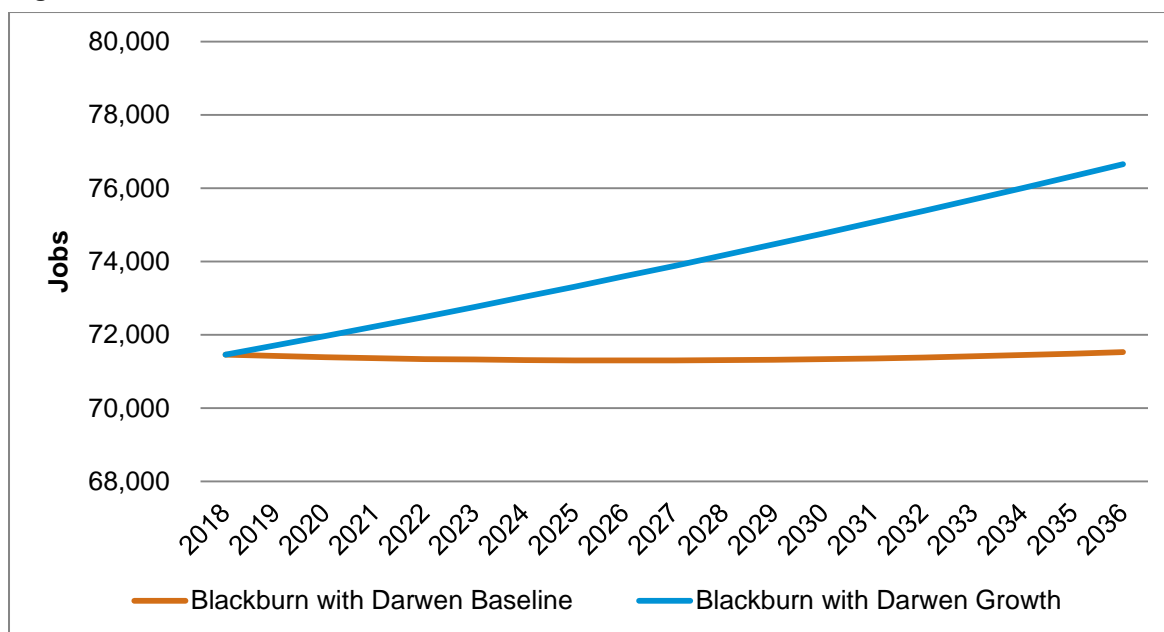
Table 18: Jobs Forecasts 2018-36

	2018	2036 Baseline	Baseline Growth (18-36)	2036 Growth Scenario	Economic Growth Scenario (18-36)
BwD	71,458	71,532	74	76,654	5,196
Hyndburn	31,113	30,755	-358	33,444	2,331
Total	102,571	102,287	-284	110,098	7,527

Source: OE & GL Hearn 2018

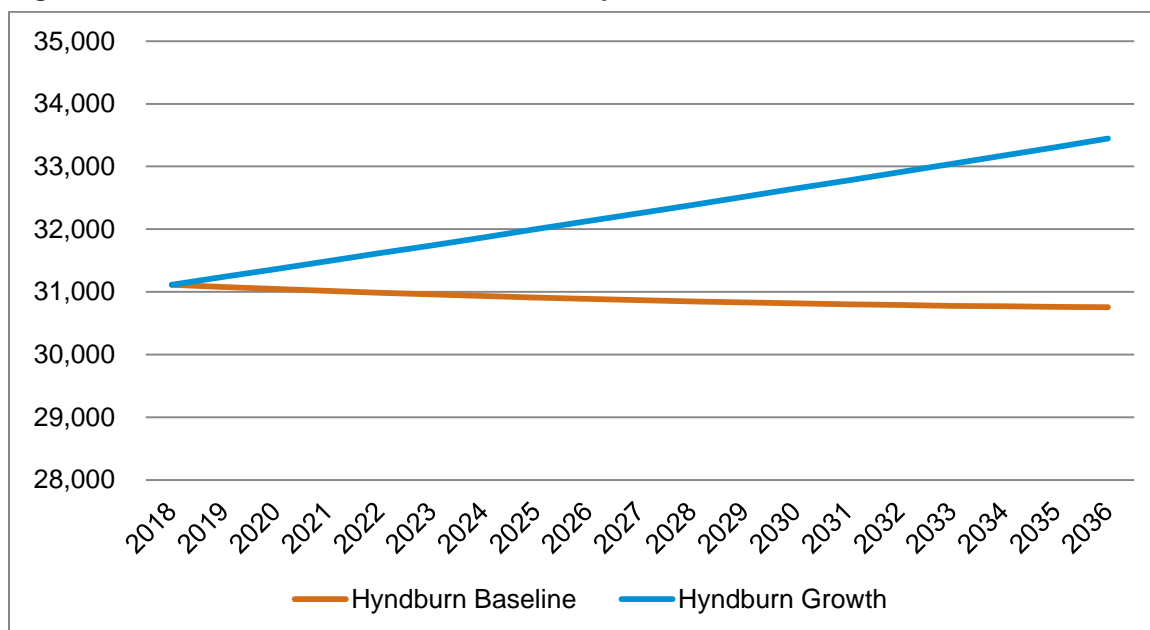
- 6.31 The Economic Growth Scenario expects a more positive outcome relating to a total potential jobs growth of around 7,527 across the HMA/FEMA. This can be disaggregated to 5,196 jobs growth in Blackburn with Darwen and 2,331 jobs growth in Hyndburn for the period to 2036. The graphs below show the expected trends per local authority.

Figure 19: Forecasted Jobs Growth 2018-36, BwD



Source: OE & GL Hearn 2018

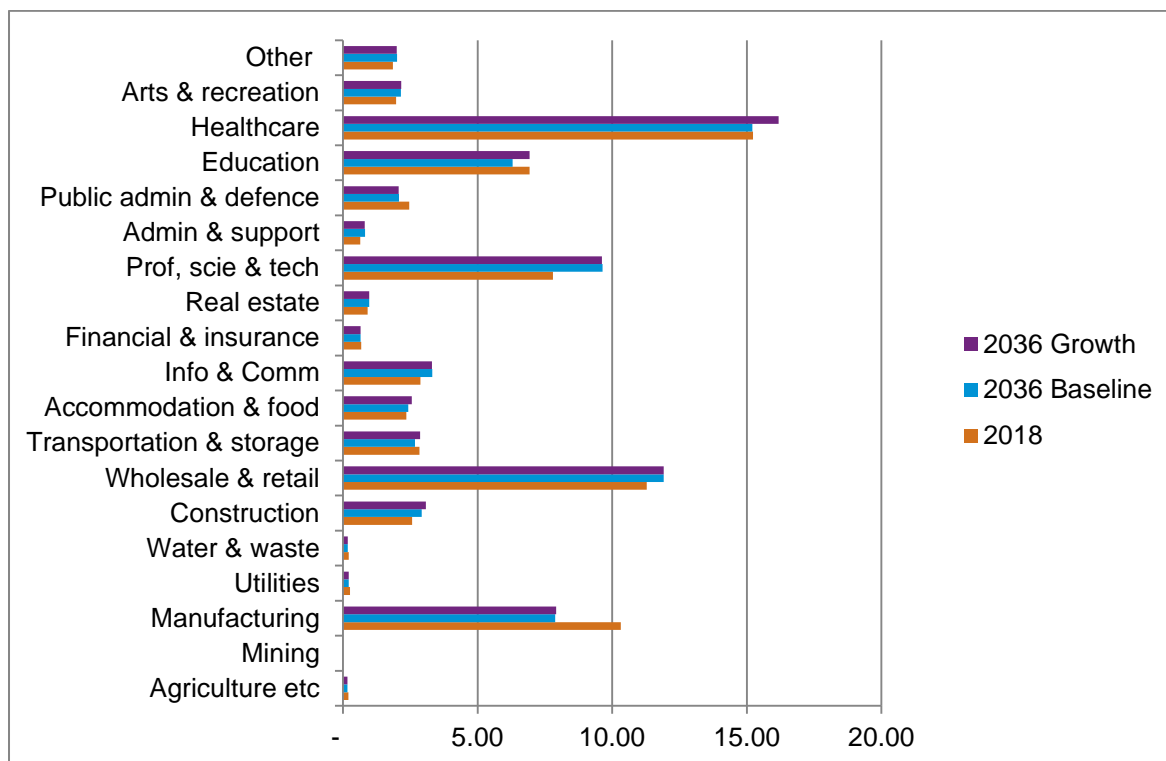
Figure 20: Forecasted Jobs Growth 2018-36, Hyndburn



Source: OE & GL Hearn 2018

- 6.32 Although the model was run for the detailed 2 digit sectors (a total of 90 sectors), for presentation purposes we have sought to use the broad sectoral anticipated change as presented in Figures 21 and 22 below. Note that the charts use 2018 base-date although this is a projected figure not a known figure as such there may be variations from the data set out previously.
- 6.33 Across the study area the Wholesale & Retail together with Health & social care are the two main sectors in terms of employment across the study area. These sectors will continue to grow and to comprise the key sectors of the local economy.
- 6.34 The Professional, Scientific and Technical sector is also a key sector in the local economy. In both forecasts this sector is expected to grow significantly over the next 18 years. Construction is also a sector expected to grow significantly compared to the rest of the area's sectoral growth.
- 6.35 The manufacturing sector the baseline forecast expects a higher decrease for the period to 2036 reflecting longer term national trends on this sector. However, this is a key sector for the area and according to evidence we do not expect a decrease on the same rate as the baseline. This was particularly the case for Hyndburn.
- 6.36 In Blackburn we have amended the forecasts for Healthcare and Education to reflect investment in both. We have also made more modest adjustments to the Construction, Transport and Storage to reflect a higher rate of growth than previous and known investment respectively.

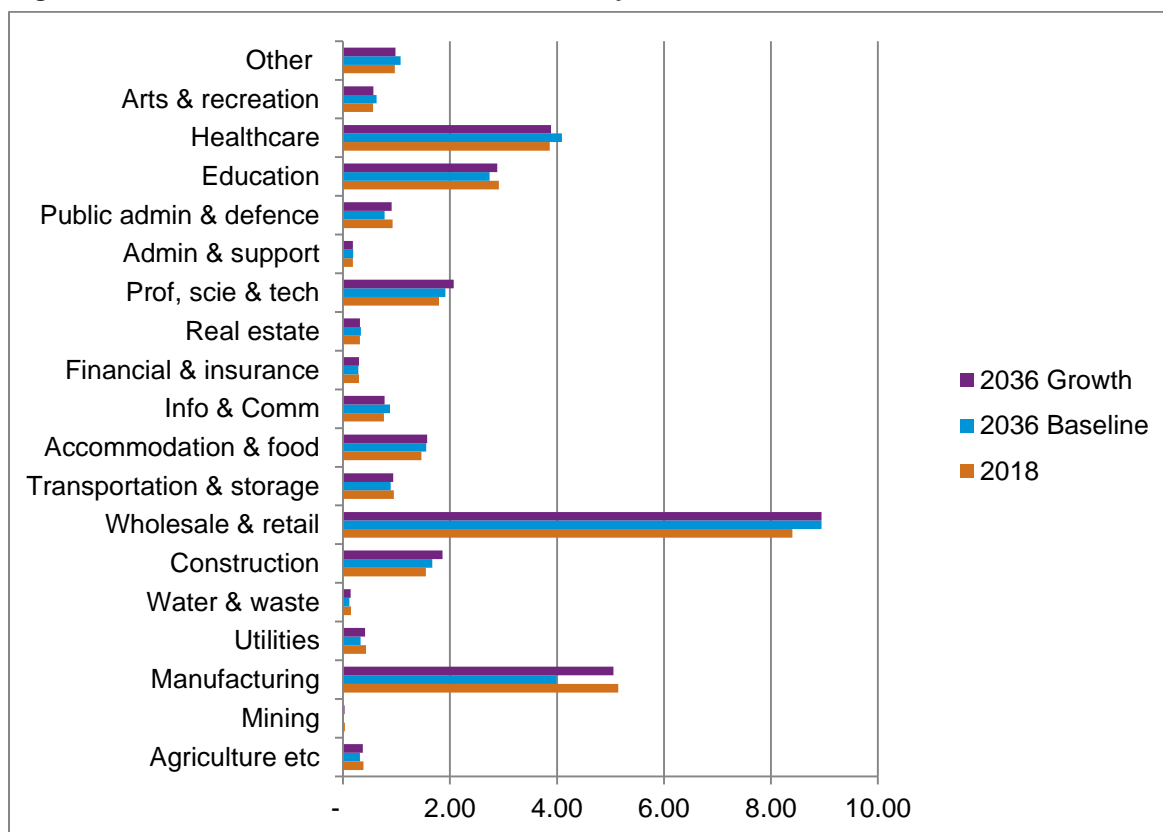
Figure 21: Jobs Growth Sectoral Distribution, Blackburn with Darwen



Source: OE & GL Hearn 2018

- 6.37 Reflecting improvements to the Town Centre and increases in the night-time economy we have also increased employment in the hospitality sector. Other notable improvements in Hyndburn were in the Professional Scientific and technical and construction.
- 6.38 We have also made a substantial adjustment to Hyndburn's growth in transportation and storage reflecting the planned growth at Frontier Park and Altham.

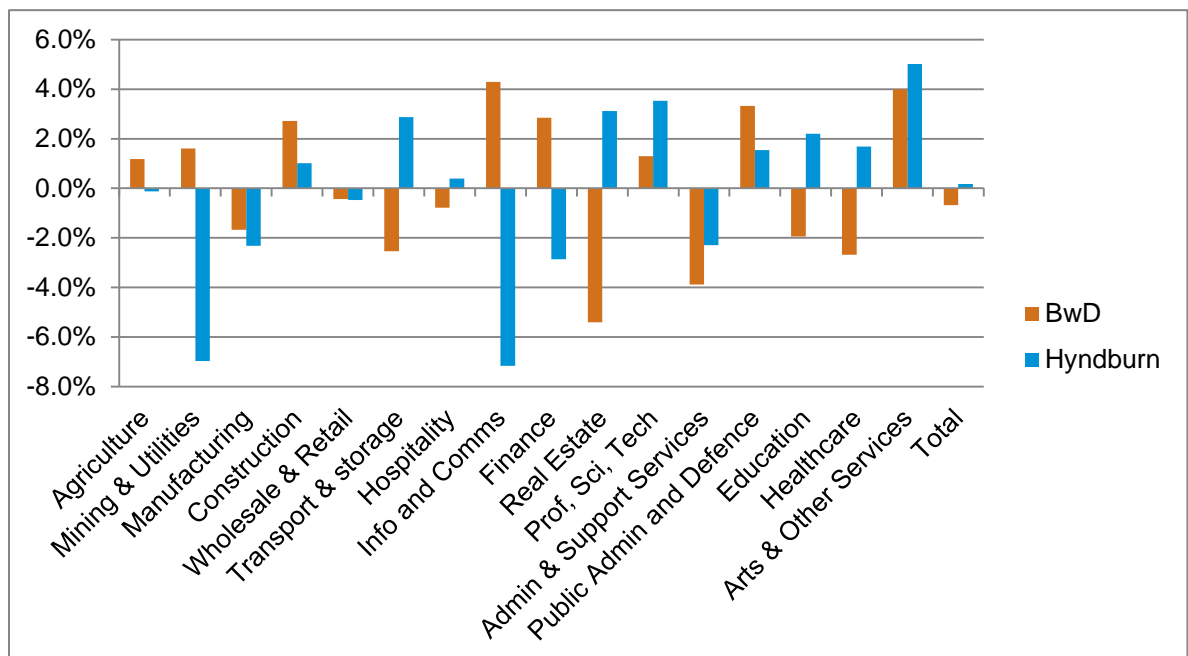
Figure 22: Jobs Growth Sectoral Distribution, Hyndburn



Source: OE & GL Hearn 2018

- 6.39 We have also provided examined how the growth scenario compares to historic trends. This draws on BRES data from 2009 to 2017. Because of a misalignment between sources some sectors have been aggregated. It should also be kept in mind that while the 2009 to 2017 time period is the longest available it is somewhat effected by the recession.
- 6.40 This shows that in Blackburn with Darwen there will be an overall slowing of jobs growth (from 1.1% per annum to 0.4% per annum) while in Hyndburn the growth will be accelerated from 0.2% per annum to 0.4% per annum.
- 6.41 In Blackburn with Darwen there is expected to be a significant increase in the rate of jobs within the information and communication, arts and other services sectors. There is also expected to a a slowing rate of decline in the finance and public administration and defence sectors.
- 6.42 In contrast there is expected to a a significant slowing in the administration and support services, healthcare, real estate and transportation and storage sectors. Although all are still expected to grow.

Figure 23: Change from Historic to Future Compound Annual Growth Rate



Source: OE & GL Hearn 2018

- 6.43 In Hyndburn there is expected to be a significant increase in the rate of jobs within the arts and other services, professional scientific and technical and transportation and storage sectors in comparison to the 2009 to 2017 period. There is also expected to a a slowing rate of decline in the real estate sector.
- 6.44 In contrast there is expected to a a significant slowing in the information and communications, mining and utilities, finance and manufacturing sectors.
- 6.45 In order to achieve the levels of growth identified herein each of the local authorities will be required to provide appropriate commercial accomodation to house this growth and the labour force to service it. It also assumes that the identified investment earlier in this chapter continues and/or comes to fruition.
- 6.46 We translated the potential jobs growth into land requirements implementing GL Hearn's Employment Forecast Model as presented in detail in Chapter 11.

Key Points

- OE produced the baseline forecast for 2018-28 and GL Hearn has extrapolated the jobs forecast to 2036 to cover the plan period.
 - According to the baseline forecast a total loss of 285 jobs was estimated across the HMA/FEMA area for the 2018-36 period
- GL Hearn also modelled the economic growth scenario based on:
 - Local and regional strategies;
 - Past completions;
 - Business survey;
 - Our local knowledge
- The Economic Growth Scenario expects a more positive outcome relating to a total potential jobs growth of 7,527 across the HMA/FEMA. This is disaggregated to:
 - 5,196 jobs growth in Blackburn with Darwen and;
 - 2,331 jobs growth in Hyndburn for the period to 2036.
- The sectors expected to grow the most include:
 - Wholesale & retail;
 - Professional, scientific and technical;
 - Construction;
 - Information & communication and;
 - Healthcare

7 FUTURE EMPLOYMENT AND THE LINK TO HOUSING

Introduction

- 7.1 This section considers future economic performance in drawing conclusions on the overall need for housing. Essentially the analysis takes the job growth forecasts as presented in Chapter 5 above and seeks to test what level of population growth might be needed so that the resident labour-supply increases sufficiently for the job figures to be met.
- 7.2 The job forecasts used look at the period from 2018 to 2036 although when showing housing need, the period from 2016-36 is used (to be consistent with other analysis). Tables 13 and 14 summarise the forecasts.

Table 19: Forecast job growth in BwD (2018-36)

	Jobs (2018)	Jobs (2036)	Change in jobs	% change
Baseline	71,458	71,532	74	0.10%
Economic Growth Scenario	71,458	76,654	5,196	7.27%

Source: OE & GL Hearn 2018

Table 20: Forecast job growth in Hyndburn (2018-36)

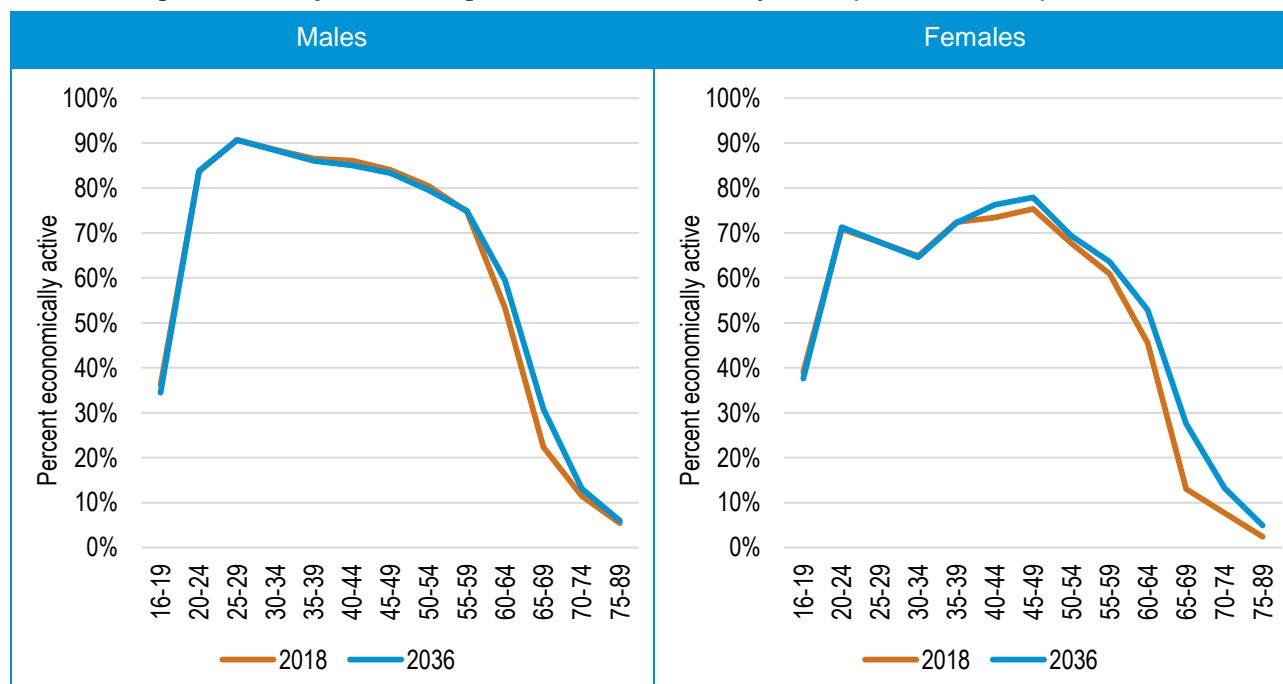
	Jobs (2018)	Jobs (2036)	Change in jobs	% change
Baseline	31,113	30,755	-358	-1.20%
Economic Growth Scenario	31,113	33,444	2,331	7.49%

Source: OE & GL Hearn 2018

Growth in Resident Labour Force

- 7.3 Having studied the likely level of job growth, the next stage is to estimate the change in the resident labour supply (to allow for a comparison between jobs and workforce growth). The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).
- 7.4 The figures and tables below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 24: Projected changes to economic activity rates (2018 and 2036) – BwD



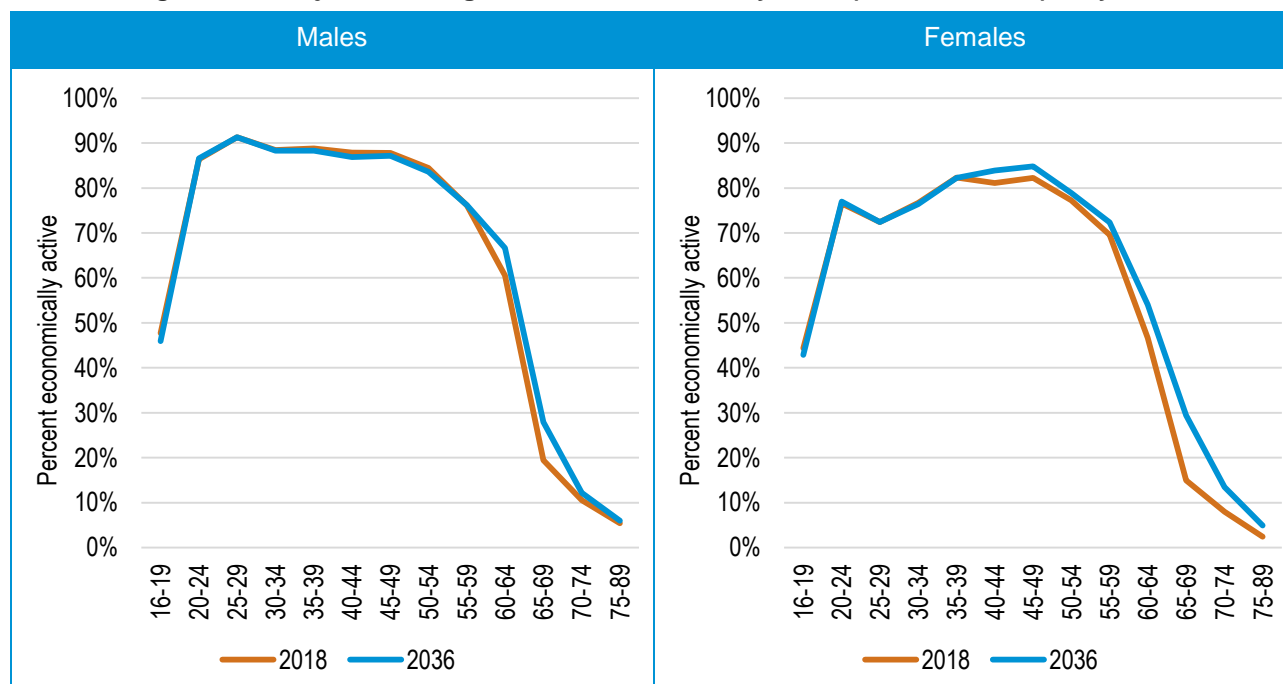
Source: Based on OBR and Census (2011) data

Table 21: Projected changes to economic activity rates (2018 and 2036) – BwD

	Males			Females		
	2018	2036	Change	2018	2036	Change
16-19	36.2%	34.4%	-1.7%	39.1%	37.6%	-1.4%
20-24	80.8%	84.4%	3.6%	71.0%	72.8%	1.8%
25-29	91.5%	91.4%	0.0%	72.2%	72.3%	0.0%
30-34	88.8%	88.4%	-0.4%	65.7%	67.4%	1.7%
35-39	87.1%	86.2%	-1.0%	72.3%	74.7%	2.4%
40-44	86.1%	85.2%	-0.9%	74.1%	78.3%	4.2%
45-49	84.9%	83.9%	-1.0%	75.4%	79.4%	4.0%
50-54	81.5%	80.3%	-1.2%	68.4%	70.2%	1.8%
55-59	74.8%	75.7%	0.8%	60.5%	62.8%	2.3%
60-64	53.0%	59.9%	6.9%	43.9%	54.2%	10.2%
65-69	22.4%	32.9%	10.5%	12.2%	29.2%	17.0%
70-74	11.5%	13.4%	1.9%	7.4%	13.4%	6.1%
75-89	4.8%	6.2%	1.5%	1.8%	4.9%	3.1%

Source: Based on OBR and Census (2011) data

Figure 25: Projected changes to economic activity rates (2018 and 2036) – Hyndburn



Source: Based on OBR and Census (2011) data

Table 22: Projected changes to economic activity rates (2018 and 2036) – Hyndburn

	Males			Females		
	2018	2036	Change	2018	2036	Change
16-19	47.7%	45.9%	-1.7%	44.3%	42.9%	-1.4%
20-24	83.6%	87.2%	3.6%	76.7%	78.5%	1.8%
25-29	92.1%	92.0%	0.0%	76.8%	76.8%	0.0%
30-34	88.8%	88.4%	-0.4%	77.5%	79.3%	1.7%
35-39	89.4%	88.4%	-1.0%	82.2%	84.6%	2.4%
40-44	87.9%	87.0%	-0.9%	81.7%	85.9%	4.2%
45-49	88.7%	87.7%	-1.0%	82.3%	86.3%	4.0%
50-54	85.5%	84.3%	-1.2%	78.0%	79.8%	1.8%
55-59	76.2%	77.0%	0.8%	69.2%	71.5%	2.3%
60-64	60.2%	67.1%	6.9%	45.1%	55.4%	10.2%
65-69	19.5%	30.0%	10.5%	14.1%	31.1%	17.0%
70-74	10.6%	12.4%	1.9%	7.6%	13.7%	6.1%
75-89	4.8%	6.2%	1.5%	1.8%	4.9%	3.1%

Source: Based on OBR and Census (2011) data

Change to the Economically-Active Population

7.5 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in each Borough – this is set out in the tables below. The analysis shows that there would be a decrease in the economically

active population for all of the demographic scenarios in both areas other than with 10-year trends in BwD (which shows a small increase).

Table 23: Estimated change to the economically active population (2018-36) – BwD

	Economically active (2018)	Economically active (2036)	Total change in economically active
2016-based SNPP	68,365	68,025	-340
2016-based SNPP (+MYE)	68,401	68,215	-186
10-year migration	68,495	69,988	1,493

Source: Derived from demographic projections

Table 24: Estimated change to the economically active population (2018-36) – Hyndburn

	Economically active (2018)	Economically active (2036)	Total change in economically active
2016-based SNPP	38,613	36,951	-1,662
2016-based SNPP (+MYE)	38,759	37,095	-1,664
10-year migration	38,747	36,850	-1,896

Source: Derived from demographic projections

Linking Job Growth and Changes to Resident Labour Force

7.6 The analysis above has set out potential scenarios for the change in the number of jobs in the Boroughs. However, for the purposes of analysis linked to demographic data it is necessary to convert this into estimates of the required change to the economically active population. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs;
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

7.7 The table below shows summary data about commuting to and from BwD and Hyndburn from the 2011 Census. Overall the data shows that BwD sees a small level of net in-commuting for work with the number of people resident in the area who are working being about 6% lower than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the

number of people working in the area (regardless of where they live). In Hyndburn the opposite pattern is seen, with a level of net out-commuting.

Table 25: Commuting patterns in BwD and Hyndburn (2011)

	BwD	Hyndburn
Live and work in Local Authority (LA)	31,801	13,194
Home workers	4,986	2,898
No fixed workplace	4,028	2,525
In-commute	19,911	17,521
Out-commute	24,014	12,718
Total working in LA	64,829	31,335
Total living in LA (and working)	60,726	36,138
Commuting ratio	0.937	1.153

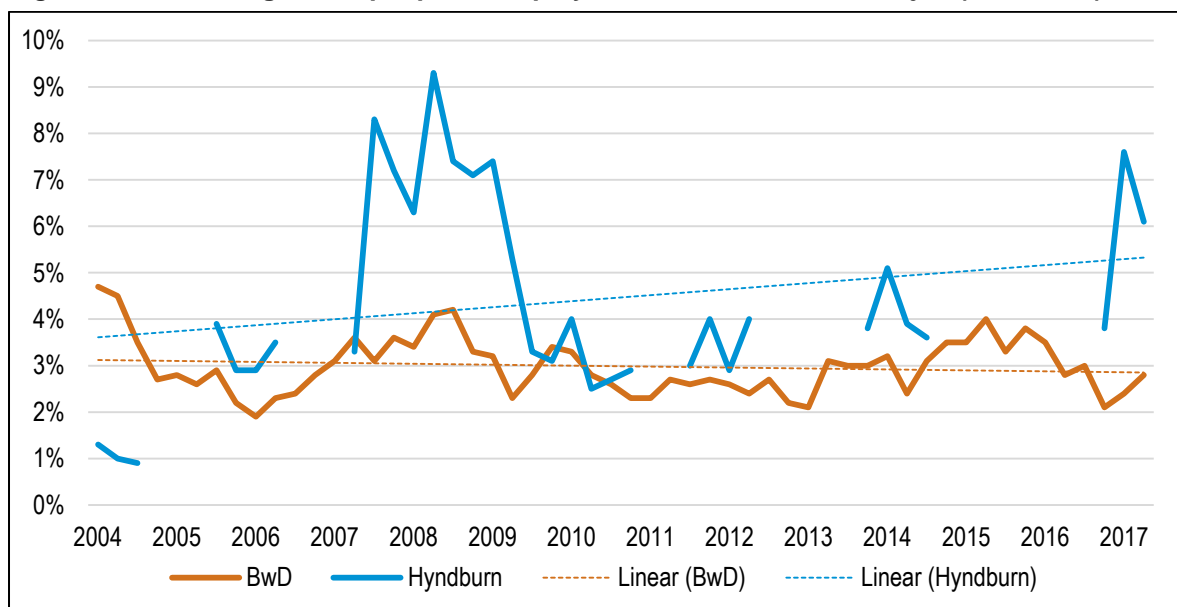
Source: 2011 Census

- 7.8 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is arguable that some changes to the commuting ratio could be modelled, particularly where forecast job growth is above a baseline position, as this might attract more people living outside the area to commute in.
- 7.9 However, the opposite could be true if locations outside BwD/Hyndburn were to see stronger than baseline job growth. Overall, keeping the ratio constant is considered to be a reasonably balanced approach to use.

Double Jobbing

- 7.10 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs.
- 7.11 Data from the Annual Population Survey (available on the NOMIS website) suggests across the two Boroughs that typically between about 3-4% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level).
- 7.12 For the purposes of this assessment it has been assumed that around 3% of people will have more than one job moving forward in BwD along with a figure of 4% for Hyndburn, this is roughly the average shown for all data points back to 2004.

Figure 26: Percentage of all people in employment who have a second job (2004-2017)



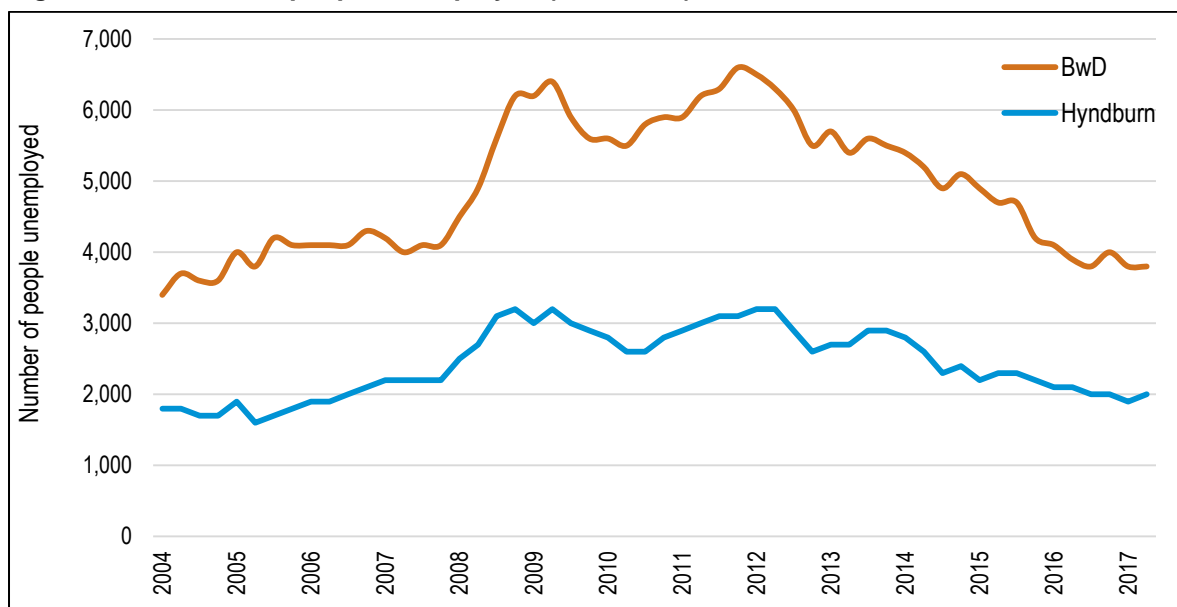
Source: Annual Population Survey (from NOMIS)

- 7.13 Across the HMA a double jobbing figure of 4% gives rise to a ratio of 0.960 (i.e. the number of jobs supported by the workforce will be 4% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time. Although we have applied locally specific figures.

Unemployment

- 7.14 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs.
- 7.15 The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment from 2004 to 2011/12 and that since 2011/12, the number of people unemployed has dropped notably – by 2017, the number of unemployed people was at roughly the same level as observed in 2004.
- 7.16 This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2018 to 2036.

Figure 27: Number of people unemployed (2004-2017)



Source: Annual Population Survey (modelled unemployment data)

Jobs Supported by Growth in the Resident Labour Force

- 7.17 Tables 20 and 21 show how many additional jobs might be supported by population growth under each of the core demographic scenarios. The figures are all negative other than for 10-year migration trends in BwD (which could support an additional 1,640 jobs). Given the job forecasts shown earlier it is clear (for the scenario forecasts) there would be a mismatch between growth in the labour supply and the growth needed for jobs to be filled.

Table 26: Jobs supported by demographic projections (2018-36) – BwD

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2016-based SNPP	-340	-363	-374
2016-based SNPP (+MYE)	-186	-198	-204
10-year migration	1,493	1,594	1,643

Source: Derived from a range of sources as described

Table 27: Jobs supported by demographic projections (2018-36) – Hyndburn

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2016-based SNPP	-1,662	-1,441	-1,507
2016-based SNPP (+MYE)	-1,664	-1,443	-1,509
10-year migration	-1,896	-1,644	-1,719

Source: Derived from a range of sources as described

Housing Need Linked to Job Growth Forecasts

- 7.18 As well as looking at the growth in the economically active population linked to a range of demographic projections, it is of use to consider what level of housing might be required for forecasts to be met.
- 7.19 Within the modelling, migration assumptions have been changed so that across each local authority the increase in the economically active population matches the increase in the resident workforce required. The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).
- 7.20 Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against the HRRs in the SNHP to see what level of housing provision that might imply.
- 7.21 The first part of the analysis is to estimate what level of growth in the labour supply would be needed for the job growth forecast to be met. This is essentially the same as the analysis above, but working in reverse order.
- 7.22 This calculation is shown below (Tables 22 and 23) and shows that to meet 5,196 jobs (the highest of the forecasts in BwD), there would need to be an increase in the economically active population of about 4,700 (assuming a constant commuting ratio and levels of double jobbing) – this figure, along with other scenarios, is fed through into the modelling which is again set against the economic activity rates discussed previously. For Hyndburn, there would need to be an increase in the economically active population of about 2,600 based on the higher economic growth forecast of 2,331 jobs.

Table 28: Forecast job growth and change in resident workforce with double jobbing and commuting allowance (2018-36) – BwD

	Baseline	Economic Growth Scenario
Number of jobs (2018-36)	74	5,196
Double jobbing allowance	0.970	0.970
Number of workers required	71	5,041
Commuting ratio	0.937	0.937
Change in resident workforce	67	4,722

Source: Derived from a range of sources as described

Table 29: Forecast job growth and change in resident workforce with double jobbing and commuting allowance (2018-36) – Hyndburn

	Baseline	Economic Growth Scenario
Number of jobs (2018-36)	-358	2,331
Double jobbing allowance	0.956	0.956
Number of workers required	-342	2,229
Commuting ratio	1.153	1.153
Change in resident workforce	-395	2,570

Source: Derived from a range of sources as described

7.23 To achieve the economic growth scenario, levels of net migration need to increase notably from the base position shown in the 2016-based SNPP. In BwD, the SNPP shows an average net out-migration of 814 people per annum over the 2016-36 period, with the economic growth scenario reducing this to 370 people per annum (still a level of net out-migration). Hence the economic growth scenario essentially sees the retention of an additional 440 people per annum within the Borough. In Hyndburn, the SNPP shows average net out-migration of 213 people per annum, whereas the economic growth scenario would see a level of net in-migration (averaging 148 people per annum – a difference of around 360 additional people in the Borough).

7.24 Tables 24 and 25 show estimates of housing need set against the economic growth scenarios – this uses data from the 2016-based subnational household projections (SNHP) to convert population into households. The analysis shows that to support the higher of the economic forecasts there would need to be provision of around 285 homes each year in BwD and 201 in Hyndburn.

Table 30: Projected housing need – job-led scenarios and 2016-based HRRs – BwD

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
Baseline	57,074	59,209	2,136	107	110
Economic Growth Scenario	57,074	62,600	5,527	276	285

Source: Demographic projections

Table 31: Projected housing need – job-led scenarios and 2016-based HRRs – Hyndburn

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
Baseline	34,550	36,192	1,642	82	85
Economic Growth Scenario	34,550	38,451	3,901	195	201

Source: Demographic projections

7.25 Regarding the use of the 2016-based SNHP, it should be noted that the data (at least at a national level) has been subject to some criticism for potentially building in some degree of suppressed

household formation – this is due to ONS only using trends for the 2001-11 period. To some extent this has driven MHCLG to look to revise its Standard Method (as previously discussed).

7.26 Therefore it seems prudent to also run the economic scenarios against the previous (2014-based SNHP). Additionally, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a ‘part-return-to-trend’ analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version.

7.27 This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, two additional scenarios have been used as described below:

- Linking directly to 2014-based SNHP – 2014-SNHP; and
- Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT

7.28 The tables below show estimates of housing need using these additional household formation rate sensitivities (just for the economic growth scenario). From this it can be seen that the need in BwD would range from 358 to 411 dwellings per annum. In Hyndburn, there is less of a range (and indeed less of a difference when compared with using figures from the 2016-based SNHP) – the range of need in Hyndburn is from 206 to 216 dwellings per annum.

Table 32: Projected housing need – job-led scenario (economic growth scenario) and alternative household representative rates – BwD

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
2014-SNHP	58,282	65,242	6,960	348	358
2014-PRT	58,282	66,258	7,976	399	411

Source: Demographic projections

Table 33: Projected housing need – job-led scenario (economic growth scenario) and alternative household representative rates – Hyndburn

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
2014-SNHP	34,585	38,582	3,997	200	206
2014-PRT	34,585	38,786	4,201	210	216

Source: Demographic projections

7.29 In terms of setting the housing need, the highest figures are probably most appropriate, this is because (particularly in the case of BwD) this scenario does remove potential suppression of household formation that may be built into the official projections.

Key Points

- The Growth Scenario expects a more positive outcome relating to a total jobs growth of 7,527 across the HMA/FEMA. This is disaggregated to:
 - 5,196 jobs growth in Blackburn and;
 - 2,331 jobs growth in Hyndburn for the period to 2036
- The analysis herein indicates that if modelled on a policy-off basis, whereby the Census commuting ratio is held, double jobbing is held at long term rates. Key assumptions about how economic activity might change moving forward used the Office of Budget Responsibility (OBR) projections, but with an adjustment so that rates are not projected to fall for any given age group (by sex)
- These resulted in a housing need of 285 and 201 dpa. However this utilises household representation rates from the 2016-based household projections. This could potentially suppress household formation rates within younger age groups.
- In response we have developed a sensitivity where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. These resulted in a housing need of 411 dpa for Blackburn with Darwen and 216 dpa for Hyndburn.
- Add in further bullet re: transition point as raised earlier in Section 6

8 AFFORDABLE HOUSING NEED

Introduction

- 8.1 Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF2). The new NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 8.2 A methodology is set out in the PPG to look at affordable need, this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below is therefore split between the current definition of affordable need and the additional definition. The first few sub-sections below deal with the existing definition of affordable need.

Methodology and Source Overview

- 8.3 Table 34 sets out the main aspects of analysis and provides a description of the sources used. Key topics are then discussed in subsequent sections.

Table 34: Affordable Needs Model – core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to March 2018	Used to establish the entry level cost of housing. Although in theory entry levels could also be the lower quartile sales price this would be highly unusual
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earnings (ASHE)	Used to estimate the average household income in 2017 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to March 2018	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of BwD and Hyndburn, the analysis suggests that spending 25% of income on housing is an appropriate affordability threshold
Current need	Housing Register data	Data provided by the Councils. Figures are for those in a reasonable preference category and not currently living in affordable housing
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of newbuild and transfers. Figures are only for social and affordable rented housing and are based on trends in lettings over the 2014-17 period.

Key Analysis

8.4 The subsections below consider some of the key variables and analysis feeding into the assessment of affordable need. Specifically, this assessment considers the following:

- Analysis of the Housing Register;
- Housing costs (private sector rent levels) – drawing on the latest Valuation Office Agency data covering a 12-month period to March 2018;
- Income data – taking account of new data about local incomes (including information from the Annual Survey of Hours and Earnings (2017) and small area income estimates from ONS (published in December 2016);
- Estimates of the number of newly forming households – this is a direct output of the demographic modelling; and
- Estimates of the supply of affordable housing from relets – taken from Continuous Recording of Lettings data (CoRe) up to 2017.

Housing Register

8.5 The Councils provided an anonymised database of the Housing Register mid-2018. The table below shows analysis of the Register to establish a current housing need. The analysis starts with all households registered and then only includes those with a defined need for housing/alternative housing (considered to be those in bands 1 to 3). The analysis then excludes households who are already tenants of affordable housing – this is because such households would release a home for use by another household if they were rehoused and so no additional need arises. A final adjustment has been to remove households in Band 3 only due to Community or Economic Contribution. Overall it is estimated at the time of the assessment that there is a current need from 1,040 households in BwD and 459 in Hyndburn.

Table 35: Current Housing Need from the Housing Register

	BwD	Hyndburn
Total on Register	3,253	1,369
Total in Bands 1-3	2,269	859
% not living in affordable housing	71%	85%
Current need	1,621	730
Current need – with Community/Economic Contribution removed	1,040	459

Source: Housing Register

Rent Levels

8.6 An important part of the study is to establish the entry-level costs of housing. The affordable housing needs assessment compares private sector rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.

- 8.7 The entry-level costs of housing have been established from Valuation Office Agency (VOA) data. For the purposes of analysis, lower quartile (LQ) rents have been taken to reflect the entry-level point into the market – the data covers a 12-month period to March 2018. Overall, it can be seen that the lower quartile rent (for all sizes) is currently around £400 per month in both areas.

Table 36: Lower quartile private rents by size (year to March 2018) – per month

	BwD	Hyndburn
Room only	£260	£303
Studio	£310	£247
1 bedroom	£350	£235
2 bedrooms	£400	£390
3 bedrooms	£458	£450
4+ bedrooms	£685	£585
All dwellings	£400	£395

Source: Valuation Office Agency

- 8.8 When looking at affordability, the ability for households to either buy or rent is often considered. Looking at Land Registry data it seems likely that the incomes required to buy are at a similar level (BwD) or below (Hyndburn) those needed to rent.
- 8.9 However, rental costs are used in this assessment as it seems likely that for many households, it will be access to a deposit that is a barrier to buying. This to some extent can be evidenced by the large increases in the number of households in private rented housing seen over the past 10-15 years.
- 8.10 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used.
- 8.11 Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 8.12 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income.
- 8.13 Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore

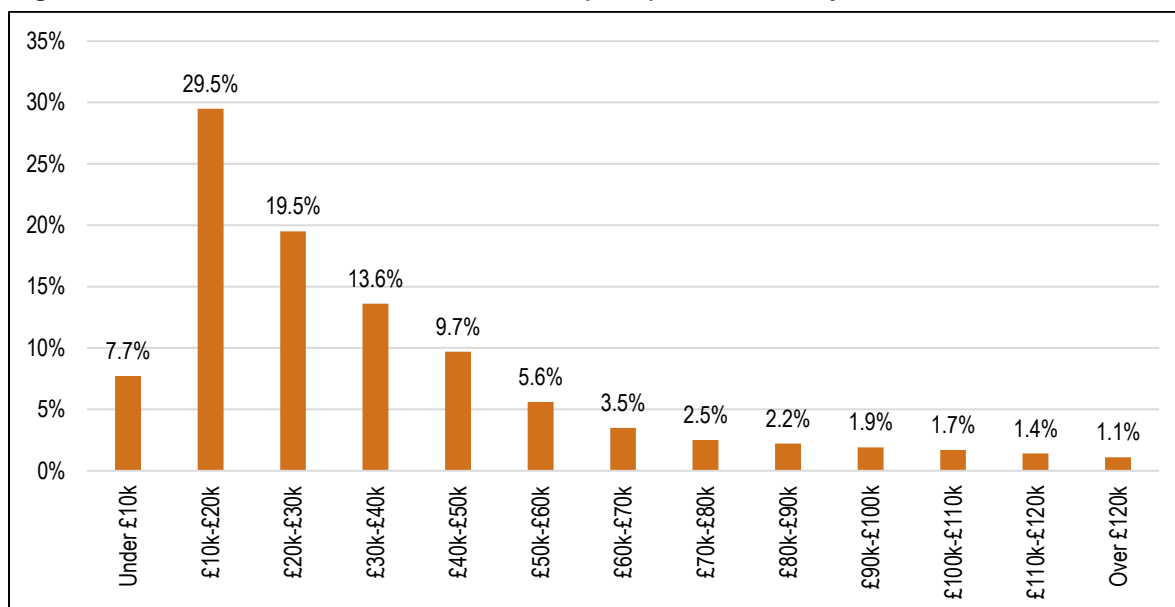
conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can't afford market housing.

- 8.14 Rent levels in BwD and Hyndburn are relatively low in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range and for this reason the standard 25% 'start point' has been used.

Incomes

- 8.15 Following on from the assessment of local housing costs it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy); the analysis also provides an indication of the potential for intermediate housing to meet needs.
- 8.16 Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:
- ONS modelled income estimates (published in December 2016 with a 2013/14 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas;
 - English Housing Survey (EHS) – to provide information about the distribution of incomes; and
 - Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.
- 8.17 Drawing all of this data together, an income distribution for 2017 has been constructed. The figure below shows the income distribution estimated for both areas combined. Overall the average (mean) income is estimated to be around £34,500, with a median income of £26,200; the lower quartile income of all households is estimated to be £15,200. There is little difference in income levels between the two areas with a median income of £26,600 in BwD and £25,700 for Hyndburn.

Figure 28: Distribution of household income (2017) – BwD and Hyndburn



Source: Derived from a range of data as discussed

- 8.18 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 8.19 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Newly forming households

- 8.20 The number of newly-forming households has been estimated through the demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation (e.g. the analysis considers the number of households aged under 45 in a particular year and subtracts the number aged under 40 five-years previously – this provides an indication of the number of new household (i.e. that didn't exist five years earlier). This differs from numbers presented in the demographic projections which are for net household growth.

- 8.21 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007 – see Annex B) which notes after age 45 that headship (household formation) rates ‘plateau’.
- 8.22 The PPG does not provide any specific guidance on how to calculate the number of newly forming households. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 8.23 Using the projections in this report, it is estimated that around 1,020 new households are likely to form per annum in the 2016-36 period in BwD, along with 537 households per annum in Hyndburn.

Supply of affordable housing from relets

- 8.24 The final key area of analysis is around the supply of affordable housing from relets of current stock. For this analysis, information has been taken from CoRe for the 2014-17 period. The table below provides a summary of the calculation carried out, which includes data from both general needs and supported lettings. Overall the table suggests a potential future supply of 1,120 homes per annum in BwD and 405 in Hyndburn.

Table 37: Estimated annual supply of affordable housing – based on data for the 2014-17 period – BwD

	General needs	Supported housing	Total
Total lettings	989	643	1,632
% as non-newbuild	97.1%	99.0%	97.8%
Lettings in existing stock	960	636	1,596
% non-transfers	66.2%	76.0%	70.1%
Total lettings	636	484	1,120

Source: Derived from CoRe data

Table 38: Estimated annual supply of affordable housing – based on data for the 2014-17 period – Hyndburn

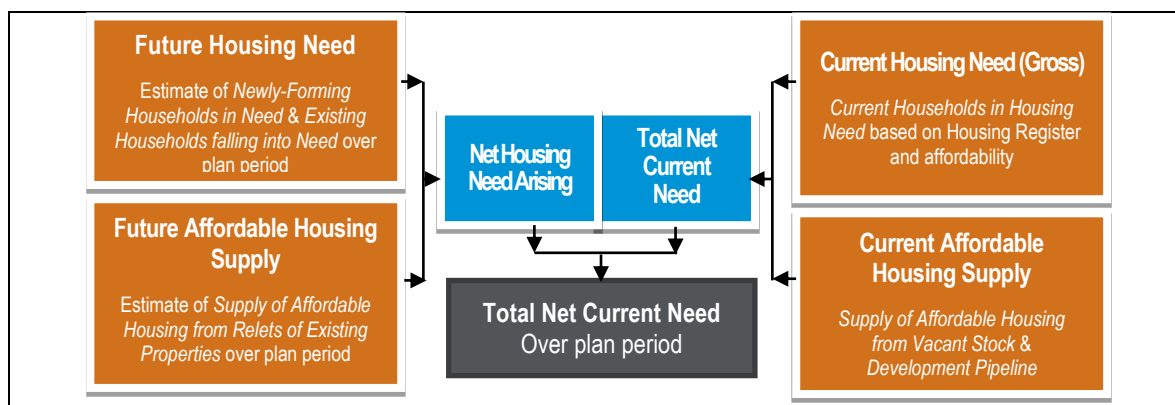
	General needs	Supported housing	Total
Total lettings	366	244	610
% as non-newbuild	97.3%	96.3%	96.9%
Lettings in existing stock	356	235	591
% non-transfers	72.8%	62.2%	68.6%
Total lettings	259	146	405

Source: Derived from CoRe data

Affordable Housing Needs Assessment

- 8.25 Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in the figure below.

Figure 29: Overview of affordable housing needs model



- 8.26 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 20-year period from 2016 to 2036. Whilst most of the data in the model are annual figures the current need has been divided by 20 to make an equivalent annual figure.
- 8.27 As the table sets out, the analysis calculates an overall surplus of affordable housing of 100 units per annum in BwD and a shortfall of 79 per annum in Hyndburn. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 39: Estimated Annual Level of Affordable Housing Need (2016-36)

	BwD	Hyndburn
Current need	52	23
Newly forming households	436	234
Existing households falling into need	532	227
Total Gross Need	1,020	484
Supply	1,120	405
Net Need	-100	79

Source: Housing Register/CoRe/Projection Modelling and affordability analysis

- 8.28 The analysis above is based on clearing the current need over the 20-years from 2016. In many affordable needs analysis, the current need is considered over a five year period (i.e. the current need is divided by 5 rather than 20) – this was the approach taken in the 2014 SHMA. The table below shows if the current need is cleared over a shorter period of time then both areas shown a need for affordable housing – 108 affordable homes per annum in BwD and 171 per annum in Hyndburn.

Table 40: Estimated Annual Level of Affordable Housing Need (2016-36) – clearing need over a five year period

	BwD	Hyndburn
Current need	260	115
Newly forming households	436	234
Existing households falling into need	532	227
Total Gross Need	1,228	576
Supply	1,120	405
Net Need	108	171

Source: Housing Register/CoRe/Projection Modelling and affordability analysis

Affordable Housing – Expanded NPPF Definition

- 8.29 Using the traditional method to look at affordable need (i.e. those who cannot afford to rent) it was estimated that there is a need for around 280 units per annum across the study area (if clearing the current need over a five year period) – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 8.30 The new NPPF introduces a new category of household in affordable housing need, and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 8.31 This section considers the level of need for these types of dwellings in BwD and Hyndburn, as a proportion of overall housing delivery. The NPPF states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF, para 64).

- 8.32 The extended definition of affordable housing includes households who are able to access the private rented sector but who cannot afford to buy. In both BwD and Hyndburn there is limited evidence for a need for this type of housing; this is mainly due to the fact that second-hand housing to buy would require a similar or lower level of income as renting an equivalent private sector home.
- 8.33 In the year to March 2018, the 'average' lower quartile private rent is shown by VOA to cost around £400 a month, assuming a household spends no more than 25% of income on housing, this would equate to an income requirement of about £19,200.
- 8.34 For the same period, Land Registry data records a lower quartile price in BwD of £74,300, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of £16,700. In Hyndburn, the lower quartile price is even lower (£61,600 for the same period).
- 8.35 Given that the income to buy is less than the income to rent, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership'. However, it does seem that there are some households in BwD and Hyndburn who are being excluded from the owner-occupied sector.
- 8.36 This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation more than doubling from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly.
- 8.37 It seems likely in BwD and Hyndburn that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than being due to the actual cost of housing.
- 8.38 It may therefore be the case that providing some 'affordable home ownership' properties would assist in getting some households out of the private rented sector – this could be achieved by signposting potential purchasers to schemes such as Help-to-Buy, or by encouraging developers to provide some form of equity support. If this could be achieved then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category (10% being the Government expectation moving forward).
- 8.39 If there are to be properties sold as affordable home ownership, it will also be important to set these at a price point where there is a likelihood that a reasonable number of households will be able to afford (subject to issues around access to capital for example).

- 8.40 The table below sets out a suggest purchase price for affordable home ownership in the two areas. The figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one bedroom home 'affordable' price of £69,000 in Hyndburn, rising to £146,000 for homes with 4 or more bedrooms in Blackburn.

Table 41: BwD and Hyndburn affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2018

Size	BwD	Hyndburn
1-bedroom	£75,000	£69,000
2-bedroom	£85,000	£83,200
3-bedroom	£97,700	£96,000
4+-bedroom	£146,100	£124,800

Source: derived from VOA data

- 8.41 Overall, this analysis suggests that the additional categories of affordable housing set out in Annex 2 of the NPPF are unlikely to meet any need in BwD and Hyndburn; put simply, the typical cost of housing to buy in the area (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product.
- 8.42 There may be cases where the Council could accept 'affordable home ownership'; for example where this supports viability or to help diversify stock in some areas. However, the analysis is clear that the majority (all) additional affordable homes should be of a rented tenure.

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2016-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs consideration is given to household projections and estimates of the supply of social/affordable rented housing.
- Using the traditional method, the analysis suggests a need for 108 affordable homes per annum in BwD and 171 in Hyndburn over the next five years. The Councils are therefore justified in seeking to secure additional affordable housing. The analysis does however identify a potential surplus of affordable housing in BwD in the longer-term.
- Using the additional definition, a key finding is that the cost of housing to buy in the study area is relatively cheap. Additionally, the income levels likely to be required to access owner-occupied housing are often lower than might be needed to rent privately (for smaller homes). This would suggest that a key issue in the area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary).
- Hence, whilst the NPPF2 suggests a clear policy direction to provide 10% of all new housing as affordable home ownership, it is not clear that this is the best solution in the study area. If possible, it would be more appropriate for the Councils to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to OMV. Such a payment could cover the deposit and other initial costs, and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy).
- In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value in some locations.
- Overall, the analysis identifies a notable need for affordable housing in the short-term, and it is clear that provision of new affordable housing is an important and pressing issue in the Boroughs. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise, particularly of affordable housing to rent.

9 PRIVATE RENTED SECTOR

Introduction

- 9.1 Planning Practice Guidance on housing need assessment highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG says: 'tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing' and 'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents'.
- 8.2 This section therefore looks at a range of statistics in relation to the PRS in BwD and Hyndburn. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rented housing in the study area.

Size of the Private Rented Sector

- 8.3 The table below shows the tenure split of housing in 2011 in BwD, Hyndburn and a range of other areas. This shows a total of 15,200 households living in private rented housing in the study area – 16.6% of all households. This proportion is slightly higher than the regional average and virtually the same as the national equivalent. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although 1,300 (1.5% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by a relative or friend.

Table 42: Tenure (2011)

	BwD	Hyndburn	Study area	North West	England
Owns outright	18,039	11,464	29,503	934,101	6,745,584
Owns with mortgage/loan	19,044	11,858	30,902	1,023,250	7,403,200
Social rented	10,391	4,389	14,780	550,481	3,903,550
Private rented	8,993	6,235	15,228	462,899	3,715,924
Other	886	395	1,281	38,818	295,110
Total	57,353	34,341	91,694	3,009,549	22,063,368
% private rented	15.7%	18.2%	16.6%	15.4%	16.8%

Source: Census (2011)

- 8.4 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of the study area) data from the 2001 and 2011 Census. From this it is clear that there has been significant growth in the number of households

living in privately rented accommodation as well as an increase in outright owners (this will be due to mortgages being paid off, which may have been assisted by a period of low interest rates). There has been a decline in the number of owners with a mortgage and virtually no change in the number of households in social rented housing.

Table 43: Change in tenure (2001-11) – BwD and Hyndburn

	2001 households	2011 households	Change	% change
Owns outright	28,548	29,503	955	3.3%
Owns with mortgage/loan	33,803	30,902	-2,901	-8.6%
Social rented	14,784	14,780	-4	0.0%
Private rented	7,325	15,228	7,903	107.9%
Other	1,923	1,281	-642	-33.4%
Total	86,383	91,694	5,311	6.1%

Source: 2001 and 2011 Census

- 8.5 The tenure changes in BwD and Hyndburn are broadly similar to that seen in other areas (as shown in the table below) although the proportionate increase in the number of households in the PRS is more notable in the study area than other locations. A reduction in the number of outright owners in Hyndburn is also noteworthy, and is a different pattern to that seen in other locations.

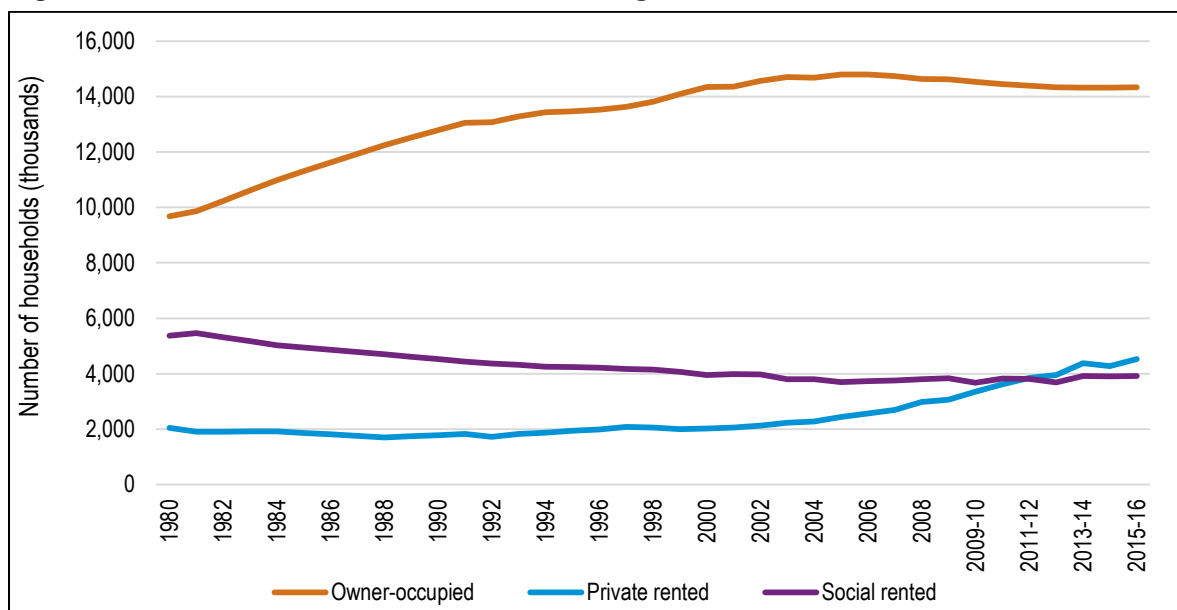
Table 44: Change in tenure (2001-11) – BwD, Hyndburn and other areas

	BwD	Hyndburn	Study area	North West	England
Owns outright	5.6%	-0.1%	3.3%	11.5%	13.0%
Owns with mortgage/loan	-7.5%	-10.3%	-8.6%	-7.8%	-8.4%
Social rented	2.4%	-5.4%	0.0%	-2.5%	-0.9%
Private rented	109.2%	106.0%	107.9%	92.8%	82.4%
Other	-32.1%	-36.2%	-33.4%	-35.5%	-29.6%
Total	7.4%	4.1%	6.1%	7.0%	7.9%

Source: 2001 and 2011 Census

- 8.6 The PRS has clearly been growing rapidly over time, in BwD and Hyndburn and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available; however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2016.
- 8.7 The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 25% and if BwD/Hyndburn has seen a similar level of increase then this would imply about 3,800 additional households in the sector.

Figure 30: Trends in tenure, 1980 to 2015-16 – England



Source: English Housing Survey

- 8.8 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

Table 45: Change in tenure 2001-11 (all households aged Under 35) – BwD and Hyndburn

	2001	2011	Change	% change
Owned	11,366	7,585	-3,781	-33.3%
Social rented	3,572	2,950	-622	-17.4%
Private rented	3,795	7,014	3,219	84.8%
Total	18,733	17,549	-1,184	-6.3%

Source: 2001 and 2011 Census

- 8.10 Examining the same data at a local authority level reveals a similar pattern across each with owner occupation falling by around one third and being replaced by similar increases in the numbers of younger households privately renting. This is particularly the case in Hyndburn where the PRS sector increased by 174%

Table 46: Change in tenure 2001-11 (all households aged Under 35) – By Local Authority

	BwD				Hyndburn			
	2001	2011	Change	% change	2001	2011	Change	% change
Owned	7,272	4,898	-2,374	-33%	4,094	2,682	-1,412	-34%
Social rented	2,613	2,230	-383	-15%	952	716	-236	-25%
Private rented	2,298	4,215	1,917	83%	1,020	2,794	1,774	174%
Total	12,183	11,343	-840	-7%	6,066	6,192	126	2%

Source: 2001 and 2011 Census

Profile of Private Renters

- 8.11 This section presents a profile of people/households living in the private rented sector. Whenever possible comparisons are made with those living in other tenures.

Age

- 8.12 Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 41 years (compared with 53 years for social renters and 54 years for owner occupiers). About three-quarters (75%) of private rented sector HRPs were aged under 50 compared with 47% of social renters and 44% of owner occupiers.

Figure 31: Age of household reference person by tenure (2011) – BwD and Hyndburn



Source: Census (2011)

- 8.13 At a national level, the EHS notes that the proportion of younger people in the PRS has increased over time. It notes that the proportion of those aged 25 to 34 who lived in the private rented sector increased from 24% in 2005-6 to 46% in 2015-16. Over the same period, there was a corresponding decrease in the proportion of people in this age group in both the owner occupied (from 56% in 2005-6 to 38% in 2015-16) and social rented (from 20% in 2005-6 to 16% in 2015-16) sectors.

Household type

- 8.14 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 40% of the PRS. The sector also sees a relatively high proportion of households in the 'other' category. Finally almost 32% of those households privately renting are comprised of single people. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).
- 8.15 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 3,800 to 6,700 – a 77% increase. The EHS also shows a similar pattern nationally although nationally the proportion of the sector made up of households with dependent children has increased (whereas as the figure in the study area has not particularly changed going from 41% to 40%).

Table 47: Household composition by tenure (2011) – BwD and Hyndburn

	Owner-occupied		Social rented		Private rented		Total	
	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs
Single person aged 65+	6,549	10.8%	2,962	20.0%	961	5.8%	10,472	11.4%
Single person aged <65	8,488	14.1%	4,248	28.7%	5,272	31.9%	18,008	19.6%
Couple aged 65+	5,294	8.8%	643	4.4%	230	1.4%	6,167	6.7%
Couple, no children	11,343	18.8%	1,092	7.4%	1,833	11.1%	14,268	15.6%
Couple, dependent children	14,634	24.2%	1,911	12.9%	2,778	16.8%	19,323	21.1%
Couple, all children non-dependent	5,076	8.4%	382	2.6%	271	1.6%	5,729	6.2%
Lone parent, dependent children	2,608	4.3%	2,161	14.6%	3,346	20.3%	8,115	8.9%
Lone parent, all children non-dependent	2,262	3.7%	616	4.2%	453	2.7%	3,331	3.6%
Other households with dependent children	2,281	3.8%	391	2.6%	530	3.2%	3,202	3.5%
Other households	1,870	3.1%	374	2.5%	835	5.1%	3,079	3.4%
Total	60,405	100.0%	14,780	100.0%	16,509	100.0%	91,694	100.0%
Total dependent children	19,523	32.3%	4,463	30.2%	6,654	40.3%	30,640	33.4%

Source: Census (2011)

Size and type of accommodation

- 8.16 The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at flatted accommodation. However, the most notable finding is the dominance of terraced housing in the PRS – making up 63% of all housing in the sector.
- 8.17 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 81% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (64% of the total in this tenure) whilst social renting is focussed on 1- and 2-bedroom accommodation (68% of the total).

Table 48: Accommodation type by tenure (households) – BwD and Hyndburn

	Owner-occupied	Social rented	Private rented	Total
Detached	17.7%	3.5%	6.0%	13.3%
Semi-detached	32.5%	25.2%	14.5%	28.1%
Terraced	47.6%	30.4%	62.9%	47.6%
Flat/other	2.2%	40.9%	16.6%	11.0%
Total	100.0%	100.0%	100.0%	100.0%
	60,405	14,780	16,509	91,694

Source: Census (2011)

Table 49: Accommodation size by tenure (households) – BwD and Hyndburn

	Owner-occupied	Social rented	Private rented	Total
1-bedroom	2.0%	34.3%	12.0%	9.0%
2-bedrooms	34.0%	33.3%	51.8%	37.1%
3-bedrooms	46.0%	27.4%	29.6%	40.1%
4+-bedrooms	18.0%	5.0%	6.6%	13.9%
Total	100.0%	100.0%	100.0%	100.0%
	60,405	14,780	16,509	91,694

Source: Census (2011)

Overcrowding and under-occupation

- 8.18 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated and this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

- (a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
- (b) A person aged 21 years or more
- (c) Two persons of the same sex aged 10 years to 20 years
- (d) Two persons (whether of the same sex or not) aged less than 10 years
- (e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
- (f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

- 8.19 The analysis shows that levels of overcrowding in the PRS are slightly higher than other tenures, with 6.6% of households being overcrowded in 2011 (slightly higher than the 6.2% figure in social rented accommodation). Levels of under-occupation are however slightly higher than in the social rented sector, with around 55% of households having at least one spare bedroom.

Table 50: Overcrowding and under-occupation by tenure (households) – BwD and Hyndburn

	Owner-occupied	Social rented	Private rented	Total
+2 or more	33.3%	8.9%	12.7%	25.7%
+1 or more	42.4%	31.3%	42.7%	40.7%
0	19.1%	53.6%	38.0%	28.1%
-1 or less	5.2%	6.2%	6.6%	5.6%
Total	100.0%	100.0%	100.0%	100.0%
	60,405	14,780	16,509	91,694

Source: Census (2011)

Economic activity

- 8.20 Data from the 2011 Census shows that 59% of private renters in BwD/Hyndburn were working, this is lower than the proportion of owner occupiers (68%) and somewhat higher than the proportion of social renters in work (33%). Smaller proportions of private renters were retired (10%) compared with over 25% in each of the owner-occupied and social rented sectors.

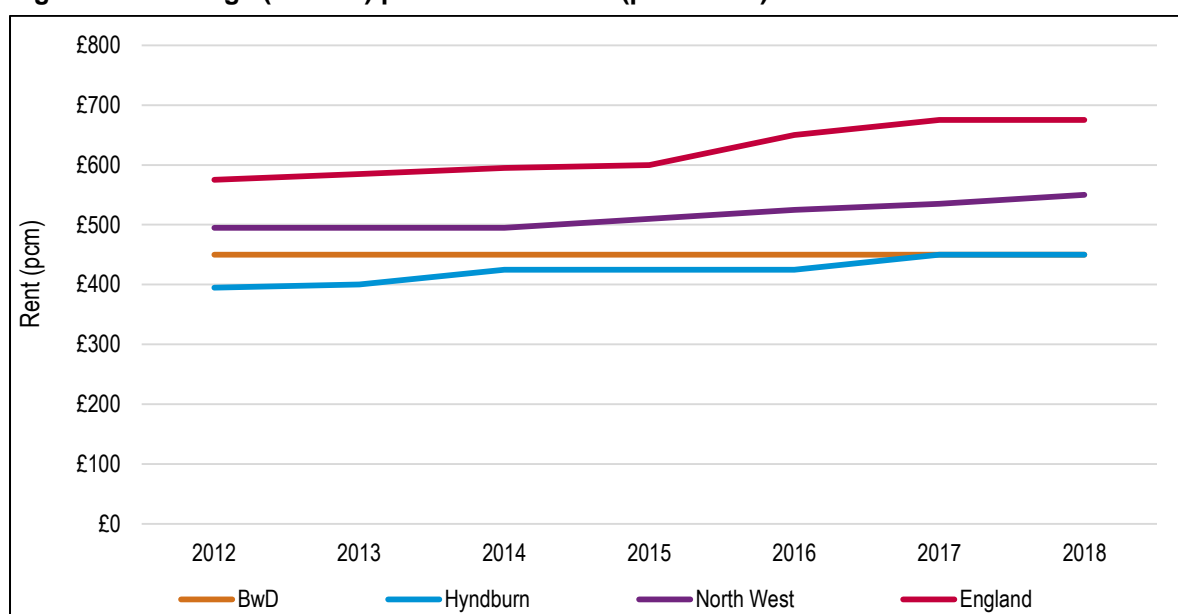
Housing Costs

- 8.21 Below, analysis is carried out to look at how costs have changed over time for different size of properties. This draws on data from the Valuation Office Agency (VOA) using a time series back to 2011 – the data provided in this section looks at the year to the end of March (for any given year).
- 8.22 The figure below shows a time-series of average (median) rents from 2012 to 2018; this shows that there really have not been any significant changes to rent levels in the study area and that rent

levels are somewhat lower than seen in other locations. This does not indicate any shortage of supply of private rented homes.

- 8.23 The tables below show that the overall average rent in BwD did not change over the 2012-18 period, whilst rents increased on average by £55 per month in Hyndburn (a 14% increase). In comparison, rents increased by 11% across the North West and 17% nationally.

Figure 32: Average (median) private sector rent (per month) 2012-18



Source: Valuation Office Agency

Table 51: Average (median) private sector rent (per month) 2012 and 2018 – BwD

	2012	2018	Change	% change
1-bedroom	£395	£395	£0	0%
2-bedrooms	£425	£450	£25	6%
3-bedrooms	£500	£525	£25	5%
4+-bedrooms	£725	£750	£25	3%
All dwellings	£450	£450	£0	0%

Source: Valuation Office Agency

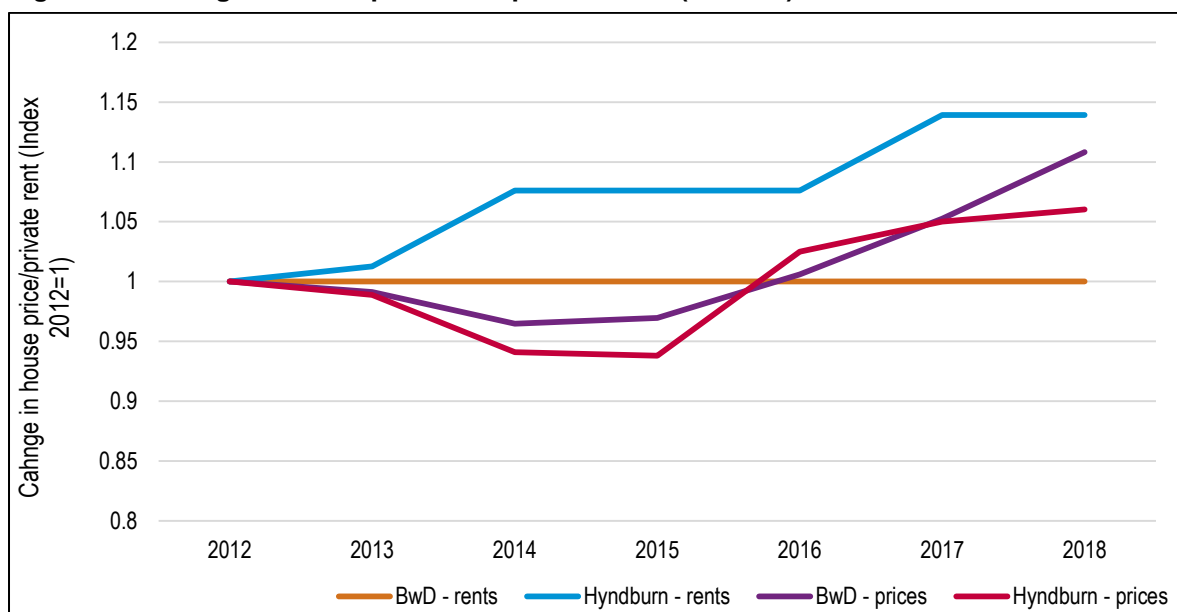
Table 52: Average (median) private sector rent (per month) 2012 and 2018 – Hyndburn

	2012	2018	Change	% change
1-bedroom	£350	£350	£0	0%
2-bedrooms	£390	£425	£35	9%
3-bedrooms	£495	£520	£25	5%
4+-bedrooms	£675	£695	£20	3%
All dwellings	£395	£450	£55	14%

Source: Valuation Office Agency

- 8.24 The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2012-18 period. This shows that house prices have increased by around 11% in BwD and 6% in Hyndburn, compared with a 0% and 14% change in rents respectively. This analysis does not really suggest any particular pressures in the different sectors. For context, the equivalent change in prices across England and Wales was 36%.

Figure 33: Change in house prices and private rents (2012-18)

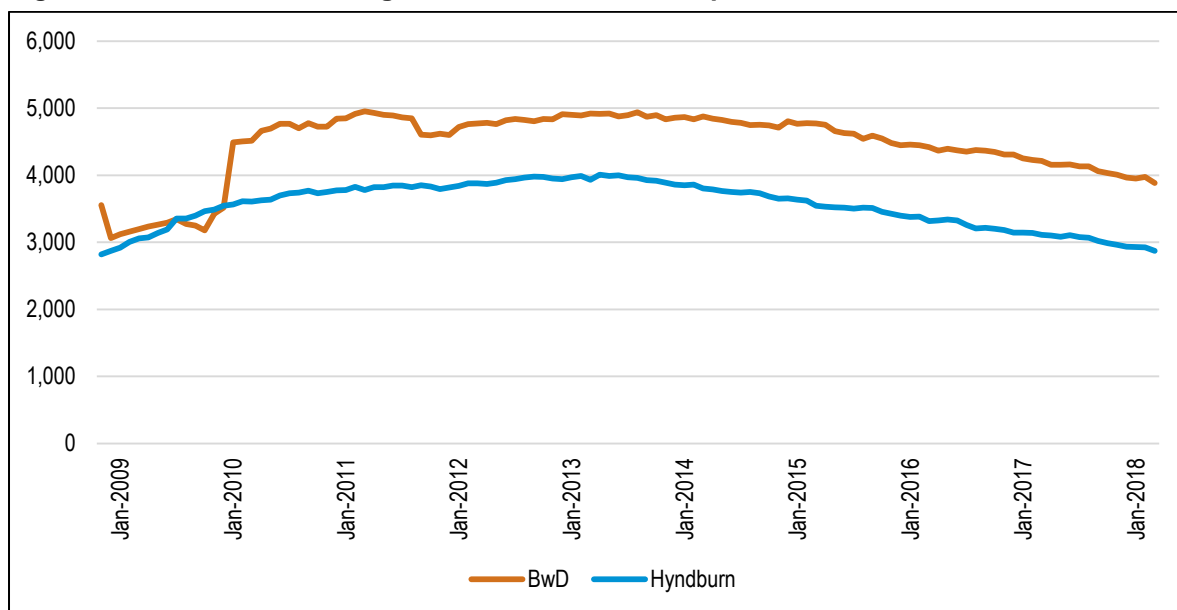


Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

- 8.25 A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice.
- 8.26 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 8,900 in 2013. Since then the number of claimants has fallen, with the number currently standing at about 6,800. It is clear that the PRS still has a significant role in providing accommodation for those who cannot afford the market, but that this has reduced over time.
- 8.27 The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector.

Figure 34: Number of Housing Benefit claimants in the private rented sector



Source: Department of Work and Pensions

- 8.28 We have also examined local rents and how these compare to local housing allowances. The majority of the study area falls within the East Lancashire Broad Rental Market Area although a small southern part of Blackburn with Darwen falls within the Bolton and Bury BRMA.

Table 53: Lower Quartile Rents and Local Housing Allowance Broad Rental Market Area

Area	1 Bed	2 Bed	3 Bed	+4 Bed
BwD	£350	£400	£458	£685
Hyndburn	£235	£390	£450	£585
Bolton and Bury BRMA	£365	£430	£499	£644
East Lancs BRMA	£348	£395	£452	£621

Source: Valuation Office Agency

- 9.2 As shown in the table above the local housing allowances tend to be around the lower quartile rents for each borough but generally slightly above the Hyndburn costs and below those in Blackburn with Darwen. This may be offset slightly with the slightly higher allowances in the Bolton and Bury BRMA.

Build-to-Rent

- 8.29 As noted, the size of the PRS has grown substantially since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.

- 8.30 Linked in part to this, there is an increased (national) interest from developers in “Build to Rent” housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.
- 8.31 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery through other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small, but is one with growth potential.
- 8.32 The Housing White Paper (HWP) notes that local authorities ‘*should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing*’. Following this, the revised NPPF now includes Build to Rent housing in the Glossary and specific advice about affordable housing on Build to Rent schemes. Build to Rent guidance was published by MHCLG on the 13th September 2018.
- 8.33 In BwD and Hyndburn, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs.
- 8.34 Given private sector rent levels in the study area, it seems unlikely that there would be any notable investment in this sector at present given the level of investment required. However, if schemes were to come forward, the Councils should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounts for around 17% of all households in BwD and Hyndburn (as of 2011), the same as the national average (17%). The number of households in this sector has however grown substantially (more than doubling in the 2001-11 period).
- The PRS has some distinct characteristics, including a much younger demographic profile, a high proportion of households with dependent children (notably lone parents), a high percentage of single people aged under 65 and levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally sits somewhere between owner-occupation and the social rented.
- Additional analysis suggests that rent levels have not changed significantly over time (when looking at the 2012-18 period) – this would suggest that despite the large increase in the size of the sector, there is no obvious lack of supply of private rented homes. The increase in the size of the sector could however have a knock-on effect to the cost of owner-occupation, if for example buy-to-let homes reduce the supply available for owner occupation, this could drive-up prices. There is limited evidence that this is occurring.
- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). However, given the current Government push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit.
- A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

10 HOUSING TECHNICAL STANDARDS AND OLDER PERSONS NEEDS

Introduction

- 10.1 Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.
- 10.2 The PPG sets out that the reason for the approach to setting standards is designed to 'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes' (56-001) and that 'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area' (56-002).
- 10.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
 - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
 - the accessibility and adaptability of existing housing stock;
 - how needs vary across different housing tenures; and
 - the overall impact on viability.
- 10.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.
- 10.5 Additionally, for some analysis it is necessary to project the population forward. Reference for this is made to the 2016-based subnational population projections (SNPP).

Current Population of Older People (2017 base-date)

- 10.6 Table 54 provides baseline population data about older persons and compares this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local

authority areas and above. The data shows, when compared with both the region and England, that Hyndburn has a similar proportion of older persons whilst the proportion is low in BwD. In 2017, it is estimated that 14% of the population of BwD was aged 65 or over along with 18% of the population of Hyndburn.

Table 54: Older Person Population (2017)

	BwD	Hyndburn	North West	England
Under 65	127,481	65,741	5,920,919	45,588,919
65-74	12,266	8,406	740,636	5,495,181
75-84	6,637	4,549	428,020	3,183,274
85+	2,388	1,714	169,052	1,352,056
Total	148,772	80,410	7,258,627	55,619,430
Total 65+	21,291	14,669	1,337,708	10,030,511
% 65+	14.3%	18.2%	18.4%	18.0%

Source: ONS 2017 Mid-Year Population Estimates

Future Change in the Population of Older Persons

- 10.7 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2016 to 2036 to be consistent with other analysis developed in this report.
- 10.8 The data shows that the two Boroughs are expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by over 30% over the 20-years from 2016; this compares with a small overall population decline and a notable decrease in the Under 65 population. The proportionate increase in the number of older people in the two areas is however slightly lower than projected for the region and England.

Table 55: Projected Change in Population of Older Persons (2016 to 2036) – 2016-based SNPP

	BwD	Hyndburn	North West	England
Under 65	-7.4%	-10.9%	-1.7%	2.6%
65-74	24.1%	13.5%	23.5%	29.8%
75-84	45.6%	44.5%	44.8%	52.5%
85+	65.2%	89.3%	84.4%	89.5%
Total	-1.3%	-3.2%	5.6%	10.2%
Total 65+	35.5%	32.0%	38.0%	45.1%

Source: ONS subnational population projections (2016-based)

- 10.9 In total population terms, the projections show an increase in the population aged 65 and over of 12,100 people, this is against a backdrop for the housing market area of an overall population decrease of 4,500 and a decrease in the population aged under 65 of 16,700.

Table 56: Projected Change in Population of Older Persons (2015 to 2037) – 2016-based SNPP – BwD

	2016 population	2036 population	Change in population	% change
Under 65	127,353	117,903	-9,450	-7.4%
65-74	12,135	15,057	2,922	24.1%
75-84	6,542	9,524	2,982	45.6%
85+	2,432	4,017	1,585	65.2%
Total	148,462	146,501	-1,961	-1.3%
Total 65+	21,109	28,598	7,489	35.5%

Source: ONS subnational population projections (2016-based)

Table 57: Projected Change in Population of Older Persons (2015 to 2037) – 2016-based SNPP – Hyndburn

	2016 population	2036 population	Change in population	% change
Under 65	65,826	58,626	-7,200	-10.9%
65-74	8,378	9,512	1,134	13.5%
75-84	4,475	6,466	1,991	44.5%
85+	1,713	3,243	1,530	89.3%
Total	80,392	77,847	-2,545	-3.2%
Total 65+	14,566	19,221	4,655	32.0%

Source: ONS subnational population projections (2016-based)

Older Persons' Housing Needs

- 10.10 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 10.11 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply

Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:

Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may dementia unit.

Care beds:

Care homes: Residential settings where a number of older people live, usually in single rooms, and have access personal care services (such as help with washing and eating).

Care homes with nursing: These homes are similar to those without nursing care but they also have registered provide care for more complex health needs.

Source: HOPSR

- 10.12 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of deprivation. In BwD and Hyndburn, data from the 2015 Index of Multiple Deprivation has been used and it is suggested that around 70% of supply should be rented accommodation and 30% leasehold (there is no tenure split for care beds). Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average a small upwards adjustment has been made.
- 10.13 In the table below two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing. The analysis suggests that there may currently be an oversupply of rented sheltered/retirement housing but a notable shortfall in the leasehold sector. The analysis also suggests a potential need for all tenures of enhanced sheltered and extra-care housing. Finally, using these prevalence rates the analysis identifies a potential need for an additional 1,200 care beds over the 20-years to 2036.

Table 58: Older Persons' Dwelling Requirements 2016 to 2036 – BwD

		Housing demand per 1,000 75+	Current supply	2016 demand	2036 demand	Change to 2036 (demand-supply)
Housing with support	Rented	101	1,347	910	1,373	26
	Leasehold	41	70	370	558	488
Housing with care	Rented	38	245	337	509	264
	Leasehold	14	72	124	187	115
Care beds	-	126	953	1,126	1,700	747

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Table 59: Older Persons' Dwelling Requirements 2016 to 2036 – Hyndburn

		Housing demand per 1,000 75+	Current supply	2016 demand	2036 demand	Change to 2036 (demand-supply)
Housing with support	Rented	101	873	624	979	106
	Leasehold	42	0	262	411	411
Housing with care	Rented	37	185	231	363	178
	Leasehold	14	0	88	138	138
Care beds	-	126	789	780	1,224	435

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Registered Care Bed spaces (C2 use class)

- 10.14 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. This need is outside of that set out in the overall housing need as it relates to an institutional population rather than a household population. As with specialist housing it is likely that those entering residential care are likely to vacate their existing accommodation for other to use.
- 10.15 As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing – this is based on Housing LIN assumptions that care bed spaces should be equivalent to around 110 per thousand people aged 75 and over. This analysis shows a need for 27 bed spaces per annum in BwD and a further 14 in Hyndburn.

Table 60: Potential Need for Residential Care Housing

	BwD	Hyndburn
Population aged 75+ (2016)	8,974	6,188
Current housing need (@ 110 units per 1,000)	987	681
Population aged 75+ (2036)	13,542	9,709
Change in population aged 75+	4,568	3,521
Specialist housing need (@ 110 units per 1,000)	503	387
Total need	1,490	1,068
Estimated supply (HOPSR data)	953	789
Net need (2016-36)	537	279
Per annum net need (2016-36)	27	14

Source: Derived from demographic projections

People with Disabilities

- 10.16 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).
- 10.17 Table 61 shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the two areas some 39% of households contain someone with a LTHPD. This figure is higher than seen across the region, and nationally.
- 10.18 The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 20-22% of the population have a LTHPD).

Table 61: Households and people with Long-Term Health Problem or Disability (2011)

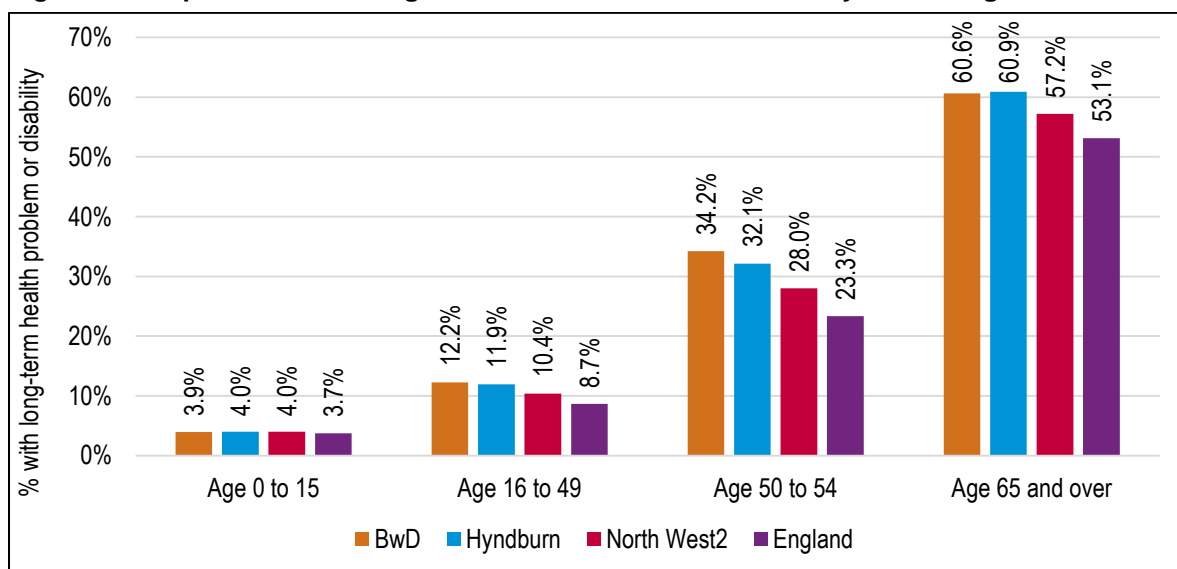
	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
BwD	22,567	39.3%	29,841	20.2%
Hyndburn	13,472	39.2%	17,553	21.7%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 10.19 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD.

- 10.20 It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows the population being more likely to have a LTHPD than in other areas for all age groups over 15.

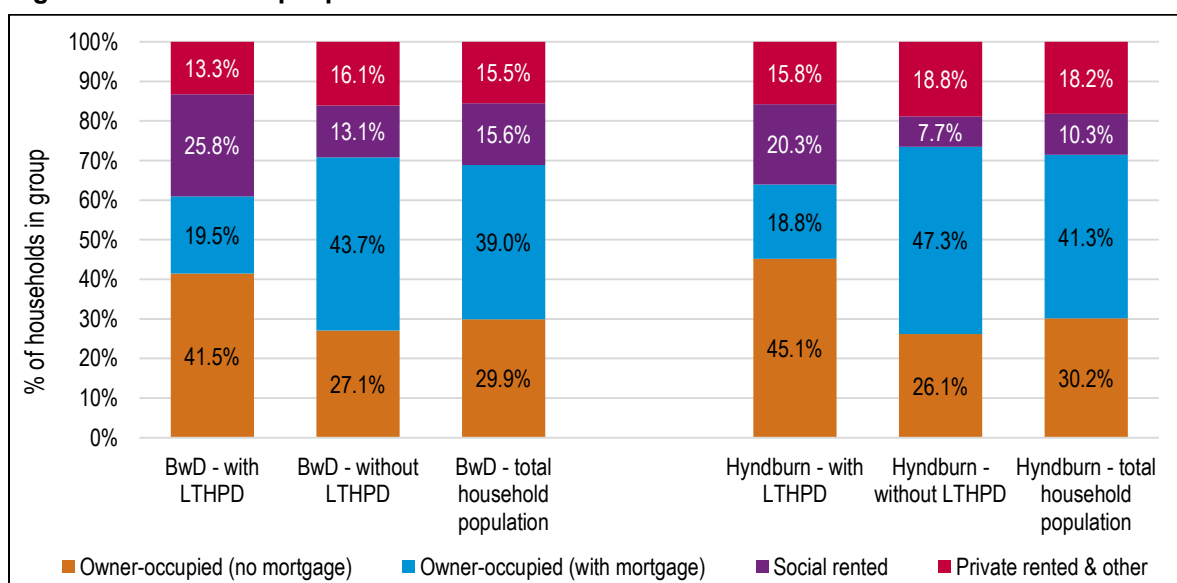
Figure 35: Population with Long-Term Health Problem or Disability in each Age Band



Source: 2011 Census

- 10.21 Figure 36 shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability).

Figure 36: Tenure of people with LTHPD



Source: 2011 Census

- 10.22 Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.
- 10.23 Table 62 shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are about twice as likely to have a LTHPD than those in other tenures.

Table 62: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
BwD	32.6%	17.4%
Hyndburn	41.5%	18.8%

Source: Derived from demographic modelling and Census (2011)

Wheelchair User Housing

- 10.24 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*.
- 10.25 This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.
- 10.26 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).
- 10.27 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). Moving forward, the report estimates a wheelchair user need from around 3% of households. The table below shows estimates of the need for wheelchair user homes. Across the two local authorities it is estimated that there is a need for around 400 homes over the next 20-years.

Table 63: Estimated need for wheelchair user homes (2016-2036)

	Current need	Projected need (2016-36)	Total	Per annum
BwD	200	56	256	13
Hyndburn	121	17	138	7

Source: Derived from demographic projections and Habinteg prevalence rates

- 10.28 Information in the CLG Guide to available disability data, also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).
- 10.29 This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that *'Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling'*).

Housing Technical Standards: Key Messages

- PPG note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these as well as considering the specific needs of older people.
- The data shows that in general, BwD and Hyndburn have a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities could be expected to increase in the future. Key findings include:
 - Over 30% increase in the population aged 65+ (accounting for over 100% of total population growth);
 - A total need for around 1,700 units of housing for older people (sheltered, enhanced sheltered and extra-care)
 - concentrations of long-term health problems and disabilities in the social rented sector; and
 - a need for around 400 dwellings to be for wheelchair users (M4(3)) in the period to 2036
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The exact proportion of homes in categories M4(2) and M4(3) is for the Councils to consider based on this evidence and also any other relevant information (e.g. about viability). In seeking M4(2) compliant homes the Councils should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

11 HOUSING MIX

Introduction

- 11.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 11.2 This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

Current stock profile

- 11.3 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This identifies that the profile of housing in BwD and Hyndburn is broadly similar to that seen in other areas.
- 11.4 Key differences include a lower proportion of 4+-bedroom homes in the owner-occupied sector, a low proportion of 3-bedroom homes in the social rented sector (in Hyndburn) and a high proportion of 2-bedroom private rented homes (in Hyndburn). These observations are taken into account in drawing conclusions.
- 11.5 Additionally, the role and function of different areas is considered; for example the higher proportion of 1-bedroom private rented homes nationally is influenced by the housing market in London and so differences between that and BwD/Hyndburn are given less weight.

Table 64: Number of bedrooms by tenure and a range of areas

		BwD	Hyndburn	North West	England
Owner-occupied	1 bedroom	2%	2%	2%	4%
	2 bedrooms	30%	40%	24%	23%
	3 bedrooms	48%	44%	52%	48%
	4+ bedrooms	20%	15%	22%	25%
	Total	100%	100%	100%	100%
Social rented	1 bedroom	31%	42%	29%	31%
	2 bedrooms	33%	34%	32%	34%
	3 bedrooms	30%	21%	34%	31%
	4+ bedrooms	6%	3%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1 bedroom	13%	11%	18%	23%
	2 bedrooms	48%	58%	43%	39%
	3 bedrooms	32%	26%	30%	28%
	4+ bedrooms	7%	6%	9%	10%
	Total	100%	100%	100%	100%

Source: Census 2011

Understanding how Households Occupy Homes

- 11.6 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided.
- 11.7 The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 11.8 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.
- 11.9 This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing.
- 11.10 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS

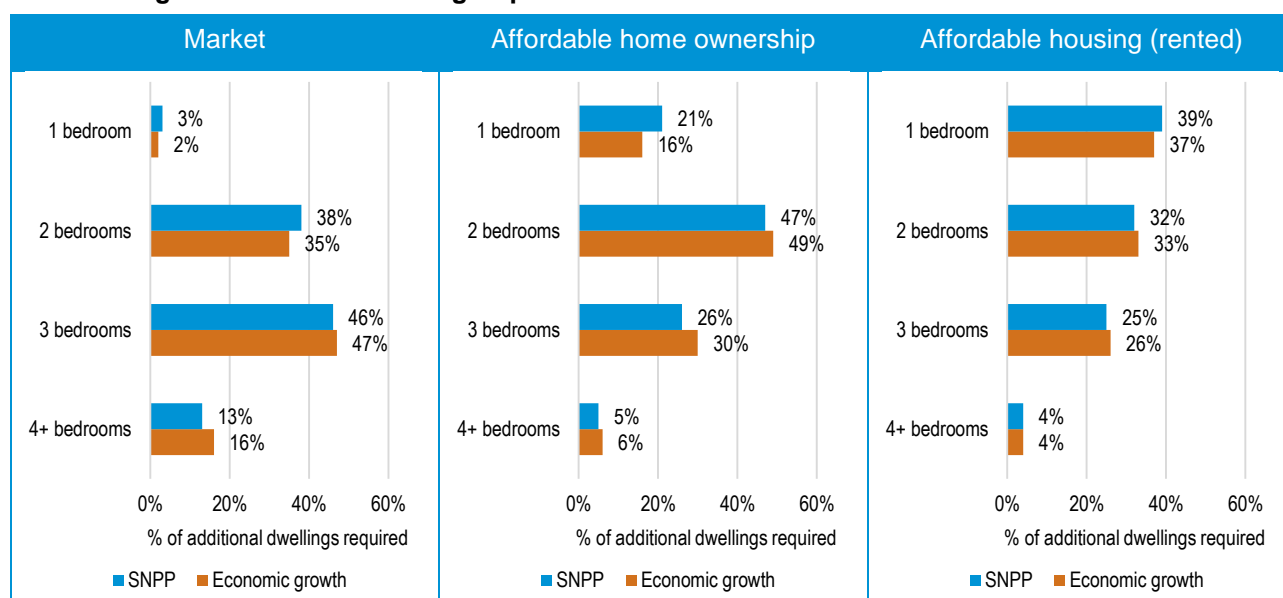
(Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

- 11.11 In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Key findings

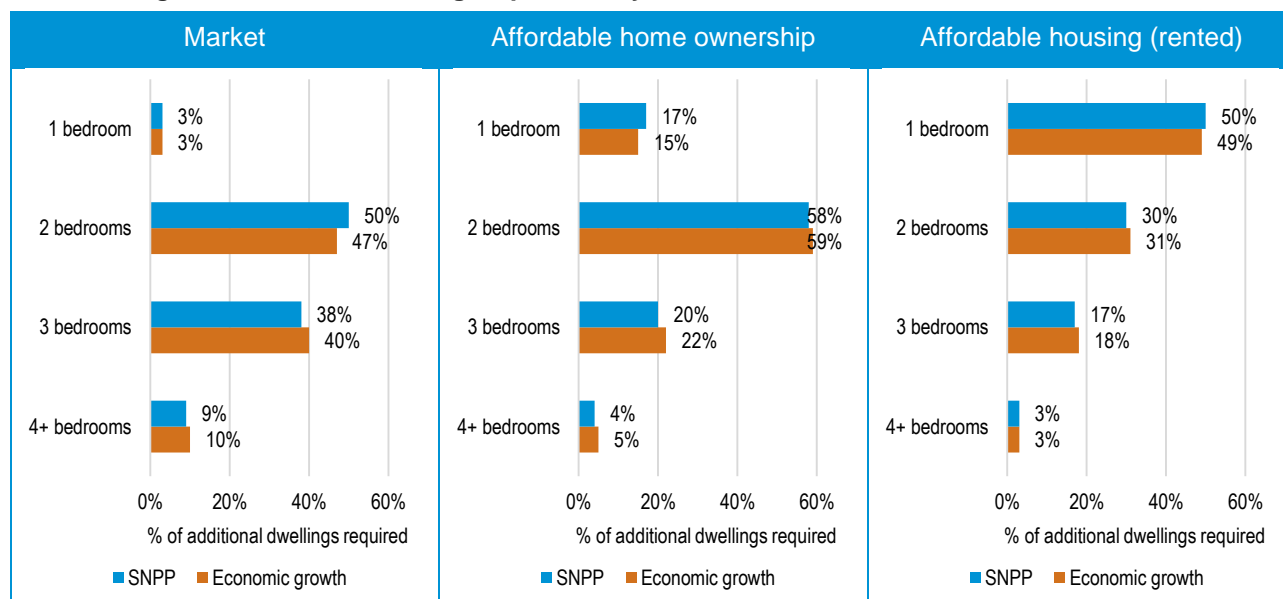
- 11.12 Figures 36 and 37 summarise analysis in each of the tenures under the modelling exercise – analysis has been carried out linked to both the latest official projections (2016-based SNHP) and also the economic growth scenario (with a part-return to trend uplift to household formation). The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing. Generally the analysis also suggests slightly larger dwellings being required in BwD.

Figure 37: Size of housing required – BwD



Source: Housing Market Model

Figure 38: Size of housing required – Hyndburn



Source: Housing Market Model

Indicative Targets by Tenure

- 11.13 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.
- 11.14 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited. There are also localised issues about stock of different sizes of homes which need to be considered in conclusions (e.g. the relative lack of 3-bedroom affordable accommodation in Hyndburn).
- 11.15 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

- 11.16 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:

Blackburn with Darwen

- 1-bed properties: 30-35%
- 2-bed properties: 30-35%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%

Hyndburn

- 1-bed properties: 35-40%
- 2-bed properties: 30-35%
- 3-bed properties: 20-25%
- 4-bed properties: 5-10%

- 11.17 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

- 11.18 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

- 11.19 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.

- 11.20 On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:

Blackburn with Darwen

- 1-bed properties: 20-25%
- 2-bed properties: 45-50%
- 3-bed properties: 25-30%
- 4-bed properties: 0-5%

Hyndburn

- 1-bed properties: 15-20%
- 2-bed properties: 55-60%
- 3-bed properties: 20-25%
- 4-bed properties: 0-5%

- 11.21 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

Blackburn with Darwen

- 1-bed properties: 0-5%
- 2-bed properties: 35-40%
- 3-bed properties: 40-45%
- 4-bed properties: 15-20%

Hyndburn

- 1-bed properties: 0-5%
- 2-bed properties: 40-45%
- 3-bed properties: 35-40%
- 4-bed properties: 15-20%

- 11.22 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process.
- 11.23 The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply.
- 11.24 The Council's may also wish to consider providing larger family homes to support or stimulate the local economy. This will allow more experienced personnel to move to the Boroughs to take up jobs particularly higher earning roles.
- 11.25 The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Need/demand for Bungalows

- 11.26 The sources used for analysis in this report makes it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussion are undertaken with local estate agents) to find that there is a demand for this type of accommodation.
- 11.27 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option it is however the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes).
- 11.28 There may however be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 11.29 There is also the possibility of a need/demand for retirement accommodation more widely. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 11.30 Overall, the Councils should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in

encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

Housing Mix (Size of Homes Needed): Key Messages

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Blackburn with Darwen	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	35-40%	40-45%	15-20%
Affordable home ownership	20-25%	45-50%	25-30%	0-5%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%
Hyndburn	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	40-45%	35-40%	15-20%
Affordable home ownership	15-20%	55-60%	20-25%	0-5%
Affordable housing (rented)	35-40%	30-35%	20-25%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the study area (by tenure).
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The Councils should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

12 EMPLOYMENT LAND REQUIREMENTS

- 12.1 In this section we consider demand for employment land and floorspace over the period from 2016 to 2036. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis considers future employment land needs using the labour demand scenarios set out in Chapter 5 and compares these against past completions trend data.
- 12.2 There are relative benefits of each approach. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall in regard to the sectoral composition of growth. However a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.
- 12.3 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor differences in economic performance relative to the past. It is also potentially influenced by past land supply. The quantitative evidence is supplemented by the wider analysis of market dynamics.

Labour Demand Scenarios

- 12.4 This section takes forward the econometric forecasting set out in **Chapter 5**, based on the 2018 baseline growth forecast from OE and the “Economic Growth Scenario”, which incorporates local and regional strategies together with past completion trends and produced by GL Hearn.

Translating Employment to FTE jobs

- 12.5 GLH has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Blackburn with Darwen and Hyndburn on a sector by sector basis for the 2 digits 90 sectors.
- 12.6 This is based on the latest data published from the Business Register and Employment Survey (BRES) in 2016¹¹. Table 65 shows the difference between the total and FTE jobs across the study area for the 2016-36 period, noting this differs from previous analysis.

Table 65: Total and FTE jobs growth, 2016-2036

	Baseline Jobs Change	Baseline FTE Jobs Change	Economic Growth Scenario Jobs Change	Economic Growth Scenario FTE Jobs Change
BwD	-4	-117	5,119	4,127
Hyndburn	-428	-583	2,260	1,881
Total	-432	-700	7,379	6,008

Source: OE & GL Hearn 2018

¹¹ Data available at: www.nomis.co.uk

Translating Sectors to Use Classes

- 12.7 GLH has considered the proportion of employment growth in each sector which is likely to take place in office, R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8).
- 12.8 The model is used to derive the following forecasts of net growth in Full-time Equivalent (FTE) employment by use class over the plan period. Due to the manufacturing shrinkage nationwide (according to OE forecasts) there is a negative net FTE jobs growth for light industrial (B1c Use Class) and Industrial (B2 Use Class) floorspace across both the scenarios in both local authorities.

Table 66: FTE Jobs (000) Growth by B-Class Sector, 2016-36

	Blackburn with Darwen		Hyndburn		HMA/ FEMA	
	Baseline	Growth	Baseline	Growth	Baseline	Growth
B1a/b	1,349	1,828	79	259	1,427	2,087
B1c	- 590	- 174	- 378	3	- 969	-170
B2	- 1,476	- 664	- 735	- 87	- 2,211	-751
B8	65	567	48	1,159	113	1,726
Non-B	536	2,570	403	546	939	3,116
Total	- 117	4,127	-583	1,881	- 700	6,008
B-Class Total	- 653	1,557	-986	1,335	- 1,639	2,892

- 12.9 The high growth in Hyndburn for B8 jobs reflects the transport and distribution growth at major developments at Frontier Park (in part in Blackburn) and Altham which will in part delivery strategic warehousing growth. The Blackburn growth is driven by office based development which includes notable growth across a number of sectors.
- 12.10 To these figures we have applied employment densities taking account of the *HCA Employment Densities Guide: 3rd Edition* (HCA, 2015) as below:
- Office (B1a and B1b): a range of between 18 sq m GEA per employee based assumes that the gross external area of buildings is on average 20% higher than the net internal area;
 - Light Industrial (B1c): an average of 49 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
 - General Industrial (B2): an average of 38 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
 - Warehouse/ Distribution (B8): an average of 77 sq m GEA per employee. This is within the range of B8 activities reflecting evidence of demand for strategic distribution development.
- 12.11 Applying these employment densities to the forecasts of net growth in FTE jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. These are presented in the table below.

Table 67: Labour Demand Floorspace Change (sqm), 2016-36

	Blackburn		Hyndburn		HMA/FEMA	
	Baseline	Growth	Baseline	Growth	Baseline	Growth
B1a/b	24,274	32,909	1,419	4,660	25,693	37,569
B1c	-29,140	-8,576	-18,670	171	-47,810	-8,405
B2	-55,796	-25,111	-27,766	-3,282	-83,561	-28,393
B8	5,031	43,624	3,691	89,270	8,723	132,894
B-Class Total	-55,631	42,847	-41,325	90,819	-96,956	133,665

12.12 These are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace. In considering how much employment land to allocate, it is therefore appropriate to include a margin to provide some flexibility within the supply.

12.13 To calculate an appropriate margin of flexibility we have used post 2012 gross completions in the area which is the longest period available. The past completions data (set out in the section below) shows an annual average delivery of 26,300 sq m of floorspace. Five years' worth of completions is equivalent to c.131,500 sq. m and this has been included as a buffer in the labour demand forecast.

Table 68: Labour Demand Floorspace (sqm) (Inc. 5 years past completions buffer) , 2016-36

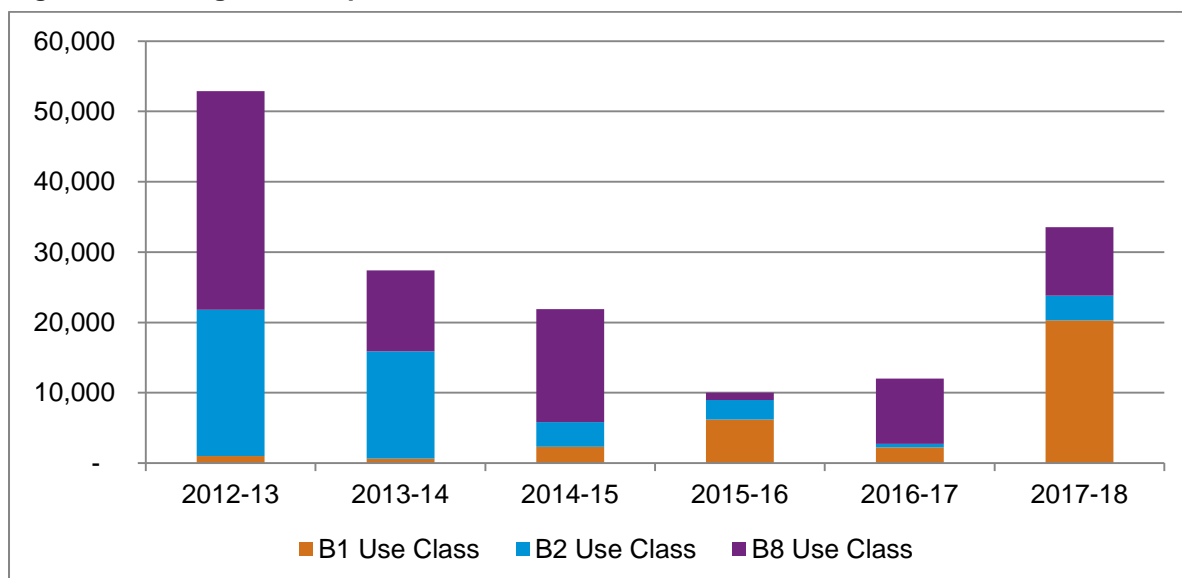
	Blackburn		Hyndburn		HMA/FEMA	
	Baseline	Growth	Baseline	Growth	Baseline	Growth
B1	47,191	55,827	3,485	6,726	50,676	62,553
B2	-66,286	-15,037	-24,186	19,139	-90,472	4,102
B8	35,281	73,874	39,054	124,634	74,336	198,507
B-Class Total	16,186	114,664	18,354	150,498	34,540	265,162

12.14 As presented above, the requirement for Blackburn with Darwen and Hyndburn varies between a total of 34,540 sqm - baseline scenario after including the past completions flexibility buffer - and 265,162 sqm – economic growth scenario incorporating flexibility past completions buffer.

Past Completions

12.15 Next we have considered historic completions of employment floorspace in Blackburn with Darwen and Hyndburn. Different time periods are available on these areas. We have considered data for gross completions of B class floorspace in Blackburn with Darwen over the period from 2000 to 2018 based on the Council's monitoring data. For Hyndburn data (gross completions) is available for the period between 2012 and 2018. Therefore, we have sought to present herein past employment completions since 2012 across the HMA/FEMA area. Net completions data is not available. Figure 39 shows the gross completion trends since 2012.

Figure 39: Past gross completions in HMA/FEMA area 2012-2018



Source: Councils' monitoring data

- 12.16 Table 69 shows the employment floorspace projections together with the 6 year completion averages by use class¹². If this is projected for the period 2016-36 a total of 526,000 sq. m of commercial floorspace will be required across both Blackburn with Darwen and Hyndburn Councils. On an individual basis this will be split to 287,000 sq. m of employment floorspace required in Blackburn and 239,000 sq.

Table 69: Employment Projections based on Gross Past Completions

	Blackburn with Darwen		Hyndburn		HMA/FEMA	
	Completions Average 2012-18	Projection 2016-36	Completions Average 2012-18	Projection 2016-36	Completions Average 2012-18	Projection 2016-36
B1	4,697	93,933	769	15,387	5,466	109,320
B2	3,617	72,338	4,094	81,877	7,711	154,215
B8	6,050	120,997	7,073	141,453	13,123	262,450
Total	14,363	287,269	11,936	238,717	26,299	525,985

Source: Councils' monitoring data – edited by GL Hearn

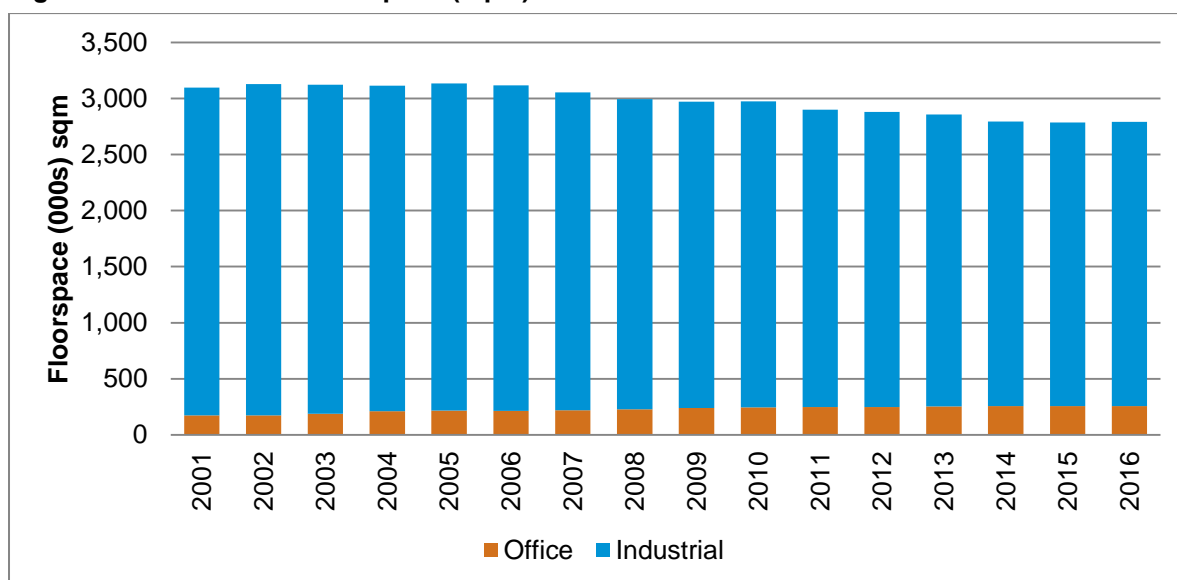
- 12.17 The gross completions data points to a need for warehouse space (within B8 Use Class) which equals to almost 50% of the total requirement across the two Councils. This trend is even stronger in Hyndburn with 59% of the total requirement for the area relating to warehouse space. The equivalent for Blackburn is 42%. Across the HMA/FEMA, the industrial floorspace requirements (B2 Use Class) represent 29% of the total requirement and office requirements (B1 Use Class) represent 21%.

¹² The mixed industrial floorspace figures have been disaggregated among the employment uses classes on a pro rata basis.

Floorspace Trends

- 12.18 In assessing employment completions it is useful to consider the implications on the overall employment floorspace in the area. Set out below is the employment floorspace for office and industrial (including both B2 and B8) floorspace trends from VOA. This shows the total employment floorspace in Blackburn with Darwen and Hyndburn area is around 2.8 million sq m. This relates to 257,000 sq m (9%) of office and 2.5 million sq m (91%) of industrial and warehouse floorspace.
- 12.19 Figure 40 shows a small decrease in the employment floorspace particularly since 2006. Over the last ten years the employment floorspace has decreased by 11% across Blackburn and Hyndburn Councils. This decrease relates to a 13% decrease of the industrial floorspace. Office floorspace has in contrast increased by 44,000 sqm (21%) over the same period.

Figure 40: Commercial floorspace (sq m)



Source: VOA 2016

- 12.20 Over the last ten years Blackburn's industrial floorspace has decreased by 11% while the office floorspace has seen an increase from 153,000 sqm to 187,000 sqm (22%). Similarly the industrial floorspace in Hyndburn decreased by 16% while the office space has increased by 21%.

Implications

- 12.21 This section considers a range of approaches in estimating future employment floorspace need in Blackburn with Darwen and Hyndburn Councils. The outputs of these are summarised in Tables 62-64 below.

Table 70: Comparison of employment floorspace requirements (sqm) – Blackburn with Darwen

	Labour Baseline Scenario	Labour Growth Scenario	Gross Completions Projection
B1	47,191	55,827	91,671
B2	-66,286	-15,037	74,599
B8	35,281	73,874	120,999
B-Class Total	16,186	114,664	287,269

Source: OE & GL Hearn 2018

Table 71: Comparison of employment floorspace requirements (sqm) – Hyndburn

	Labour Baseline Scenario	Labour Growth Scenario	Gross Completions Projection
B1	3,485	6,726	8,263
B2	-24,186	19,139	89,000
B8	39,054	124,634	141,453
B-Class Total	18,354	150,498	238,717

Source: OE & GL Hearn 2018

Table 72: Comparison of employment floorspace requirements (sqm) – HMA/FEMA

	Labour Baseline Scenario	Labour Growth Scenario	Gross Completions Projection
B1	50,676	62,553	99,934
B2	-90,472	4,102	163,599
B8	74,336	198,507	262,452
B-Class Total	34,540	265,162	525,985

Source: OE & GL Hearn 2018

12.22 Across the HMA/FEMA the labour demand baseline and growth forecasts and the gross completions trend projection show a need for around 34,540 sqm; 265,162 sqm and 525,985 sq m of employment floorspace to 2036, respectively. The past completion projections requirements are over 5 times larger than labour force growth scenario requirements.

12.23 Table 73 compares the average annual growth rates of each of the projections to the historic growth rates for office and industrial uses as recorded by VOA. This shows that the labour demand reflects better the historic growth for industrial floorspace and the completions trend reflects better the office growth.

Table 73: Employment Stock Growth Rates Under the Projections - HMA

Use Class	VOA 15 yr Stock Trend	VOA 10 yr Stock Trend	Labour Baseline Scenario 2016-36	Labour Growth Scenario 2016-36	Gross Completions Projection 2016-36
Office	2.70%	1.90%	0.99%	1.22%	1.94%
Industrial	-1.00%	-1.40%	-0.03%	0.40%	0.84%

Overall Conclusions on Employment Land Needs

- 12.24 The labour demand baseline scenario is based on the economic growth forecast produced by OE (baseline). Based on this GL Hearn take account of a range of locally specific growth drivers and prepare the Economic Growth Scenario. This included consideration of economic demand drivers and past trends, as well as risks which could affect future economic growth.
- 12.25 This provides an evidenced justification for increasing employment growth above the baseline forecast. The majority of the identified growth sectors will require B Class employment floorspace and particularly office floorspace (within B1 Use Class).
- 12.26 The past completions scenario expects a higher growth compared to labour scenarios. This reflects better the current and committed growth opportunities particularly in terms of industrial and warehouse space.
- 12.27 Therefore we expect a growth of office floorspace similar to this in labour growth scenario and an industrial and warehouse growth similar to the past completions trends. These requirements are presented below.

Table 74: Employment Floorspace Requirements (sqm) 2016-2036

	Blackburn with Darwen	Hyndburn	FEMA
B1	55,827	6,726	62,553
B2	74,599	89,000	163,599
B8	120,999	141,453	262,452
B-Class Total	251,425	237,179	488,604

- 12.28 **A total of almost 489,000 sq. m floorspace is projected to be needed across Blackburn with Darwen and Hyndburn over the plan period.** This is distributed as: 62,500 sq.m of office (B1 Use Class), 164,000 sq. m of industrial floorspace (B2 Use Class) and 262,500 sq. m warehouse space (B8 Use Class).
- 12.29 Taking into account completions in the 2016-18 period the following table presents the residual floorspace requirement up to 2036. **A total of 443,008 sq. m is expected to be required across the HMA between 2018/19 and 2036 (residual).**

Table 75: Residual Employment Floorspace Requirements (sqm) 2018-2036

	Blackburn with Darwen	Hyndburn	FEMA
B1	34,847	5,872	40,719
B2	72,507	86,359	158,866
B8	120,826	122,596	243,422
B-Class Total	228,181	214,827	443,008

Source: GL Hearn based on OE forecasts

12.30 The tables below translate the floorspace requirements to Employment land requirements by applying plot ratios similar to those of the existing stock across the area. The plot ratios take account of the need for storage, car parking, landscaping and access and circulation. We have assumed the following:

- Office - 60% of the plot is taken up by office floorspace
- Industrial and Warehousing - 40% of the plot is taken up by commercial floorspace

12.31 Applying these plot ratios to the floorspace growth in the study area results in a need for 117 Ha with a fairly even split of around 58 Ha in each local authority.

Table 76: Employment Land Requirements (hectares) 2016-36

	Blackburn with Darwen	Hyndburn	FEMA
B1	9.3	1.1	10.4
B2	18.6	22.3	40.9
B8	30.2	35.4	65.6
B-Class Total	58.2	58.7	116.9

Source: GL Hearn based on OE forecasts

12.32 Once interim completions have been taken into account the residual need of 443,000sq metres translates in to a need for 107.4 Ha of land across the study area.

Table 77: Residual Employment Land Requirements (hectares) 2018-36

	Blackburn with Darwen	Hyndburn	FEMA
B1	5.8	1.0	6.8
B2	18.1	21.6	39.7
B8	30.2	30.6	60.9
B-Class Total	54.1	53.2	107.4

Source: GL Hearn based on OE forecasts

12.33 To conclude, across the plan period there is a requirement of around 480,000 sq. m or 117 ha. This is distributed to 251,000 sq.m or 58.2 ha in Blackburn with Darwen and 237,000 sqm or 58.7 ha in Hyndburn.

12.34 However due to recent completions the residual employment requirement is 443,008 sq. m or 107.4 ha across both councils for the 2018-36 period, which is disaggregated to 228,000 sq.m or 54.1ha employment need in Blackburn with Darwen and 215,000 sq. m or 8.4ha in Hyndburn. This can be delivered through committed and pipeline supply as well as existing allocations.

12.35 The figure for office development is a net figure taking into account that there will be some losses in certain office based sectors and also includes a flexibility of margin. However the warehousing and factory munbers are based on gross trends.

- 12.36 Warehousing floorspace tends to have a limited shelf-life (typically 30 years). The Council should monitor losses to ensure that demand is being replaced rather than resulting in a net loss. Similarly manufacturing floorspace should be monitored to ensure that no fit for purpose losses are occurring although some factory space will need to be replaced due to modern requirements.

Key Points

- This section estimates the quantum of employment floorspace and land area required to support B Class employment development in the study area over the period 2016-36 and 18-36.
- Three scenarios have been developed:
 - A labour demand baseline scenario – based on the OE baseline jobs growth forecast;
 - A labour demand based on the economic growth scenario – based on the growth scenario;
 - Based on past completions trends.
- Overall the labour demand economic growth scenario and the completions trend scenario identify significantly different numbers show a need for around 265,000 and 525,000 square metres.
- The largest differences between the scenarios are the land requirements for industrial (B1c/B2) uses. The labour demand forecasts show a considerably lower requirements reflecting national and regional long term decline in the manufacturing sector. However, since 2012 the area has seen a positive performance of the manufacturing sector and there has been a growth in both jobs and industrial floorspace.
- Considering all factors we consider that the labour demand economic growth scenario provides the most reasonable assessment of employment land needs for offices and the trend based scenario for manufacturing and warehouse space. Combined these show a need for This shows a need for 488,604 sq m of employment floorspace and once completions in the 2016-18 period are netted off then 443,008 sq m.
- This can be translated into a need for 107.4 ha of employment land in the two Local Plan Areas over the period from 2016-36 (54.1 ha in Blackburn with Darwen; and 53.2 ha in Hyndburn).

13 SUMMARY AND CONCLUSIONS

- 13.1 The purpose of the Housing and Economic Need Assessment Study is to assess future development needs for housing (both market and affordable) and employment across the Blackburn with Darwen (BwD) and Hyndburn joint Housing Market Area. The Study considers housing and employment need to inform the preparation of the emerging Local Plans.
- 13.2 This study responds to and is compliant with the requirements of the Revised National Planning Policy Framework (the NPPF2) published in July 2018. It is informed by the Revised Planning Practice Guidance (PPG) published by Government in September 2018 and in particular the Housing need assessment section.
- 13.3 This study forms part of the evidence base which Councils will use in preparing their development planning policy.

Housing Need

- 13.4 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating the housing need. According to this **there is a need of 130 dwellings per annum across the HMA relating to 99 dpa in BwD and 31 dpa in Hyndburn.**
- 13.5 This however is the minimum housing need for the local authorities and Councils are encouraged to exceed this. This does not need to be justified but the rationale for doing so could be to meet planned economic growth or to ensure delivery of more affordable homes. This however is a policy choice and to inform this choice we have calculated the housing need based on these scenarios.
- 13.6 The latest NPPF also suggests that historical rates of delivery can be a good barometer of demand. This report has analysed sales of new build accommodation in both local authorities. For Blackburn with Darwen the equivalent figures were 125 over the longer term (2003-17) while Hyndburn the equivalent figures was 61 new build sales per annum.

Economic Led Housing Need

- 13.7 Using OE data as a baseline GL Hearn has amended a set of forecast based on the review of the local economic strategies, past completions trends, together with our local knowledge for the market in order to provide a “economic growth scenario”. These showed a growth of just over 7,500 jobs over the 2018-36 period.

Table 78: Forecast job growth in BwD (2018-36)

	Jobs (2018)	Jobs (2036)	Change in jobs	% change
BwD	71,458	76,654	5,196	7.3%
Hyndburn	31,120	33,450	2,330	7.5%
HMA	102,578	110,104	7,526	7.3%

Source: OE & GL Hearn 2018

13.8 For the purposes of analysis linked to demographic data it is necessary to convert the above forecasts into estimates of the required change to the economically active population, total population and housing need. These require a set of assumptions on:

- Commuting patterns
- Double jobbing;
- Unemployment; and
- Economic Activity Rates

13.9 The tables below estimate the housing need for the economic growth scenarios. This includes a further adjustment to household representation rates recognising suppression in younger age groups. The adjustment ensures that the 2014-based HRR are part returned to those seen in the 2008-based forecasts.

13.10 The analysis shows that to support the higher of the economic forecasts there would need to be provision of around 411 homes each year in BwD and 216 in Hyndburn. This is a total of 627 dwellings per annum. This would support the additional population garnered through a net increase and retention of working age population.

13.11 In BwD the economic growth scenario essentially sees the retention of an additional 440 people per annum within the Borough. In Hyndburn, the economic growth scenario reverses the to see a level of net in-migration averaging 148 people per annum.

Table 79: Projected housing need – job-led scenarios and 2014-PRT HRRs – BwD

	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
BwD	58,282	66,258	7,976	399	411
Hyndburn	34,585	38,786	4,201	210	216
HMA	92,867	105,044	12,177	609	627

Source: Demographic projections

13.12 As demonstrated the economic-led housing need is higher than the standard methodology even when taking account of the proposed changes. This means that in order to ensure that the area's economic potential is achieved then 627 dwellings per annum across the HMA would need to be delivered.

Affordable Housing Need

- 13.13 To assess affordable housing need a methodology is set out in the PPG which has been followed in this report. This is summarised below.

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

- 13.14 The analysis calculates an overall surplus of affordable housing of 100 units per annum in BwD and a shortfall of 79 per annum in Hyndburn. The findings above are based on clearing the current need over the 20-years from 2016.
- 13.15 Clearing the need over 5 years would result in a need for 108 affordable homes per annum in BwD and 171 in Hyndburn over the next five years. The Councils are therefore justified in seeking to secure additional affordable housing.

Housing Need and The Housing Requirement

- 13.16 *The study has assessed housing need and potential housing requirements through a variety of factors as presented above. The table below summarises the findings.*

Table 80: Housing Need and Housing Requirement Options

	BwD	Hyndburn
Standard Method Current	99	31
Standard Method Consultation	157	60
Economic-Led Housing Need – Economic Growth Scenario	411	216
Historic Housing Delivery Trends	151	108

Source: GL Hearn based on OE forecasts

- 13.17 The Housing Need, based on the Government's Standard Method, for Blackburn with Darwen is 99 dpa and in Hyndburn it is 31 dpa. However should the local authorities decide to adopt a higher housing requirement to meet economic growth then these housing requirement should be 411 and 216 dpa respectively. However this is a choice for the local authorities to make.
- 13.18 Similarly either local authority could decide to increase the delivery of affordable housing to clear the backlog need sooner. This would require a potential increase above the standard methodology. However, the economic growth scenario would also deliver affordable accommodation.

Housing Mix

- 13.19 The extended definition of affordable housing includes households who are able to access the private rented sector but who cannot afford to buy. In both BwD and Hyndburn there is limited evidence for a need for this type of housing; put simply, the typical cost of housing to buy in the

area (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product.

- 13.20 The analysis linked to long-term demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 81: Appropriate Mix of Homes by Size and Tenure

Blackburn with Darwen	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	35-40%	40-45%	15-20%
Affordable home ownership	20-25%	45-50%	25-30%	0-5%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%
Hyndburn	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	40-45%	35-40%	15-20%
Affordable home ownership	15-20%	55-60%	20-25%	0-5%
Affordable housing (rented)	35-40%	30-35%	20-25%	5-10%

Source: GL Hearn

- 13.21 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 13.22 This study has not attempted to estimate the need for additional private rented housing however there is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). That said given the current Government push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

Older Persons Needs

- 13.23 The data shows that in general, BwD and Hyndburn have a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities could be expected to increase in the future. Key findings include:
- Over 30% increase in the population aged 65+ (accounting for over 100% of total population growth);
 - A total need for around 1,700 units of housing for older people (sheltered, enhanced sheltered and extra-care)
 - concentrations of long-term health problems and disabilities in the social rented sector; and
 - a need for around 400 dwellings to be for wheelchair users (M4(3)) in the period to 2036

Employment Land Need

- 13.24 We considered demand for employment land and floorspace over the period from 2016 to 2036. The analysis considers future employment land needs using the labour demand scenarios set out above and compares these against past completions trend data.

- 13.25 We expect a growth of office floorspace similar to that in the labour growth scenario and an industrial and warehouse growth similar to the past completions trends. These requirements are presented overleaf.

Table 82: Employment Floorspace Requirements (sqm) 2016-2036

	Blackburn with Darwen	Hyndburn	FEMA
B1	55,827	6,726	62,553
B2	74,599	89,000	163,599
B8	120,999	141,453	262,452
B-Class Total	251,425	237,179	488,604

Source: GL Hearn based on OE forecasts

- 13.26 A total of 488,600 sq. m floorspace is projected to be needed across Blackburn with Darwen and Hyndburn over the plan period. This is distributed as: 62,500 sq.m of office (B1 Use Class), 164,000 sq. m of industrial floorspace (B2 Use Class) and 262,500 sq. m warehouse space (B8 Use Class).
- 13.27 Taking into account recent commercial completions the following table presents the residual floorspace requirement up to 2036. A total of 443,000 sq. m is expected to be required across the HMA between 2018/19 and 2036 (residual).

Table 83: Residual Employment Floorspace Requirements (sqm) 2018-2036

	Blackburn with Darwen	Hyndburn	FEMA
B1	34,847	5,872	40,719
B2	72,507	86,359	158,866
B8	120,826	122,596	243,422
B-Class Total	228,181	214,827	443,008

Source: GL Hearn based on OE forecasts

- 13.28 The tables below translate the residual floorspace requirements to Employment land requirements by applying plot ratios similar to those of the existing stock across the area. This shows a residual need for 107.4 Ha of employment land

Table 84: Residual Employment Land Requirements (hectares) 2018-36

	Blackburn with Darwen	Hyndburn	FEMA
B1	5.8	1.0	6.8
B2	18.1	21.6	39.7
B8	30.2	30.6	60.9
B-Class Total	54.1	53.2	107.4

Source: GL Hearn based on OE forecasts

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