

GWYNEDD AND ANGLESEY JOINT LOCAL DEVELOPMENT PLAN (2011 – 2026)

PUBLIC EXAMINATION:

Hearing Session 2 – Housing Provision



CYNGOR SIR
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COUNTY COUNCIL

1] Action point S2/PG2 Housing requirement figure - Gwynedd

Bearing in mind the Minister's letter (April 2014), prepare a paper that explains/justifies Gwynedd's housing requirement figure, considering that it is lower than the Welsh Government's principal 2011 based projections. Include a reference to the household formulation rate, e.g. households with young adults.

2] Councils' response

2.1 In April 2014, the Minister for Housing and Regeneration circulated a letter to all Councils, which asked local planning authorities to consider the appropriateness of the 2011 base projections for their area. It noted that the projections were a starting point and not an end in themselves and reminded local authorities that the projections were based on past trend that had been significantly affected by recent past economic conditions resulting from the global economic crises. It was suggested that if a plan has economic or regeneration aspirations then that there must be a consideration of the associated levels of housing to accommodate this.

2.2 The latest edition of Planning Policy Wales (January 2016) (PCC09) states that: "Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics..... The level of housing provision to be proposed over a plan period must be considered in the context of viability and deliverability." (para 9.2.2)

2.3 The role of the Welsh Government projections is further confirmed in a summary paper published about the 2011 base projections by the Welsh Government in February 2014: "Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. The assumptions are based on past trends. Projections produced in this way do not make allowances for the effects of local or central government policies on future population levels, distribution and change." (Household projections for Wales (2011-based) SDR 35/2014)

2.4 It is implicit in these documents that planning authorities should consider whether national population and household projections are appropriate for their particular area. It is also considered pertinent to note that the alternative or 'variant' projections produced by the Welsh Government by changing some of the base assumptions used in the principal projection do not provide lower and upper ranges for the local authority projections. Their purpose is to illustrate how possible variations in the fertility, mortality and migration assumptions impact projected growth in population and households.

2.5 The following table compares the Plan area housing requirement with the 2011 based household projections converted to provide a dwelling requirement for the Plan area. A vacancy rate derived from the 2011 Census has been applied to convert household figures into a dwelling requirement (see Councils' response to Action Point S2/PG1). Since the Plan area is made up of two local planning authority areas, it also compares the Plan's figures for the Gwynedd Local Planning Authority area and the Isle of Anglesey Local Planning Authority area with the relevant 2011 based projections.

		WG 2011-base projections	
	Plan Housing Requirement	Principal projection	10 year average migration variant
Plan area	7,184	5,310	6,832
Anglesey	3,472	960	1,845
Gwynedd Local Planning Authority area	3,712	4,350	4,987

Table 1

2.6 The Plan's housing requirement deviates upwards from the 2011 based principal and the 10 year average migration variant projection. This approach is considered to align with the former Minister for Housing and Regeneration's advice.

2.7 Within the Plan area, the housing requirement for the Gwynedd Local Planning Authority area deviates downwards from the principal projection by 638 units and by 1,275 units from the 10 year average migration variant.

2.8 Various iterations of Topic Paper 4 and the Councils' Statement for Hearing Session 2 have described how the Plan's overall housing requirement was derived from consideration of: the Welsh Government's principal and 10 year average migration variant projections, alternative projections and from consideration of the need for new homes (including affordable homes), the need to provide for potential economic growth, the need to sustain the Welsh language and protect the Plan area's environment (including AONBs, setting of the Eryri National Park, biodiversity), and delivery of development. Therefore, its derivation is more than a pure mathematical exercise.

2.9 As can be seen from above, consideration was given to the need to provide for potential economic growth during the Plan period and delivery of development. These factors are considered to be critical in order to try to ensure that the Plan is effective. Economic changes are considered to be a key driver affecting housing demand and household formation rates. Income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and the level of need for affordable housing products. For example, it is more likely that a new household can enter the housing market when the state of the economy is good and employment levels and confidence are buoyant, and vice versa.

2.10 The relationship between the housing requirement and economic growth and local jobs is also important in ensuring that there are sufficient workers to fill planned jobs and vice versa, achieve regeneration and other objectives. In order to support economic growth, a comparable level of homes will need to be provided to support the growth of economically active residents.

2.11 The growth in new jobs during the Plan period will be focused on Anglesey. Welsh Government has prioritised the Anglesey 'zone' of the Plan area as an area for regeneration by including the Enterprise Island. This approach supports the Isle of Anglesey County Council's own priorities as set out in Anglesey Energy Island Programme. The ongoing Anglesey Energy Island Programme was fundamental in securing the Enterprise Zone status for the Energy Sector on Anglesey and specific sites. This status provides a competitive edge in attracting inward investment and business start-ups and growth through business rates and other exemptions/allowances and dedicated Wales, UK and international marketing effort. In addition, the Welsh Government Minister has very recently confirmed support for a Food Park, building on the cluster of established food businesses on Anglesey, a number of which are keen to relocate to and expand on such a site and take advantage of the critical mass and other benefits on offer. The Councils' Statements and their response to Action Point S5/PG1 provide information about the take up of land and lessons being learnt from local authority experiences in relation to EDF's proposal in Somerset.

2.12 A number of projects have the benefit of planning consent on the Island, e.g. Land and Lakes (anticipated to provide 400 construction jobs and 600 operational jobs); Msparc – a science park located at Gaerwen, linked to Bangor University (anticipated to provide approximately 100 construction jobs and approximately 300 operational jobs with Phase 1 which could increase to approximately 700 should there be a Phase 2). There are firm development proposals by Orthios Ltd for an Eco Park located on the majority of the former Anglesey Aluminium site, Holyhead. This is a scheme for a Biomass power station and associated aquaculture, hydroponics and food processing employing up to 600 people.

2.13 Current estimates provided by Horizon Nuclear Power indicate that construction will peak in 2022/23 when approximately 8,500 -10,000 construction workers will be employed at peak (HNP EIA Progress Report 2016). This doesn't

include facilities management staff, operational staff required during the construction period or jobs created indirectly or via local expenditure in the Plan area.

2.14 The ongoing Energy Island Programme, and in particular the construction of Wylfa Newydd, means that Anglesey therefore faces a period of considerable change unique amongst Welsh authorities, and certainly in comparison with the rest of the Plan area.

2.15 In comparison, Gwynedd is a geographically large county, with a dispersed development pattern, and its economic features vary between and within its areas. Traditionally because of the deep rural nature of some areas within Gwynedd there are fewer job opportunities available. Apart from Bangor and Caernarfon, Centres in this 'zone' tend to support local industrial estates/ small business parks and contribute to the County's economy through tourism and related service sectors. Gwynedd Council's strategy is focused on maintaining and growing local businesses, and building on the strengths inherent in the local area and existing capital investment, e.g. Sailing Academy, Coastal Path, Nant Gwrtheyrn, Superfast Wales. The Meirionnydd Employment Plan and the Llyn & Eifionnydd Employment Plan, which stem from the Council's Strategic Plan, are described in the Councils' response to Action Point S5/PG4. The Snowdonia Enterprise Zone area, which covers two sites within Snowdonia National Park, was designated in 2012. The Council and its partners are currently exploring opportunities that may attract investment in the sites in the future. The Council's strategy for employment growth therefore supports modest estimates of likely future job growth. The Council continues to support the development of new and existing businesses, and considers there is a need to be realistic about the County's economic potential during the Plan period.

2.16 In determining the employment land supply, the housing requirement and its spatial distribution the Councils therefore recognise the different and individual characteristics of the 'zones' within the Plan area. A hybrid strategy has been prepared, which provides development in locations that meet local needs, whilst promoting sustainable growth. An important element of this is to reduce the need for residents to commute to employment centres. Therefore, it is important that housing growth is matched by the provision of employment land and opportunities, thus ensuring that the resident labour force (existing and newcomers) required to support the expected jobs growth on the Island is available, without unsustainable increases in commuting.

2.17 It is also considered pertinent to carefully consider past delivery, as it provides a reflection of past policy, market demand and an indication of the capacity of the local development industry. It is appreciated that caution should be applied to trend based projections if the area has experienced economic decline or buoyancy or if past rates of growth have been constrained by a lack of supply (e.g. undeliverable sites). The following table provides details of past completion rates over an 11 years period, which takes account of the peaks and troughs of economic cycles. The information is derived from the 2016 Joint Housing Land Availability Study report for the Gwynedd Local Planning Authority area:

Number of Homes completed on:			
Year	Large Sites (5+ units)	Small Sites (less than 5 units)	Total Completions
2005-07 (2yrs)	114	225	339
2007-08	131	119	250
2008-09	57	130	187
2009-10	77	72	149
2010-11	96	66	162
2011-12	47	74	121
2012-13	92	79	171
2013-14	111	65	176
2014-15	163	75	238
2015-16	128	83	211

2.18 This provides an average annual completions rate of 182 housing units. It covers 7 years since the Gwynedd Unitary Development Plan's adoption (July 2009), which provides a housing land supply for an annual average requirement for 278 housing units. Although the application of the residual method to calculate a housing land supply (in years) sets out a 2.9 years supply of land (April 2016), application of the past build rate provides an 8.5 years supply of land. This demonstrates that supply has not been constrained; numerous allocated sites have been available. Therefore, it is considered to be an indication of market demand/ capacity of the local development industry.

2.19 The following graph compares a variety of average annual housing requirements.

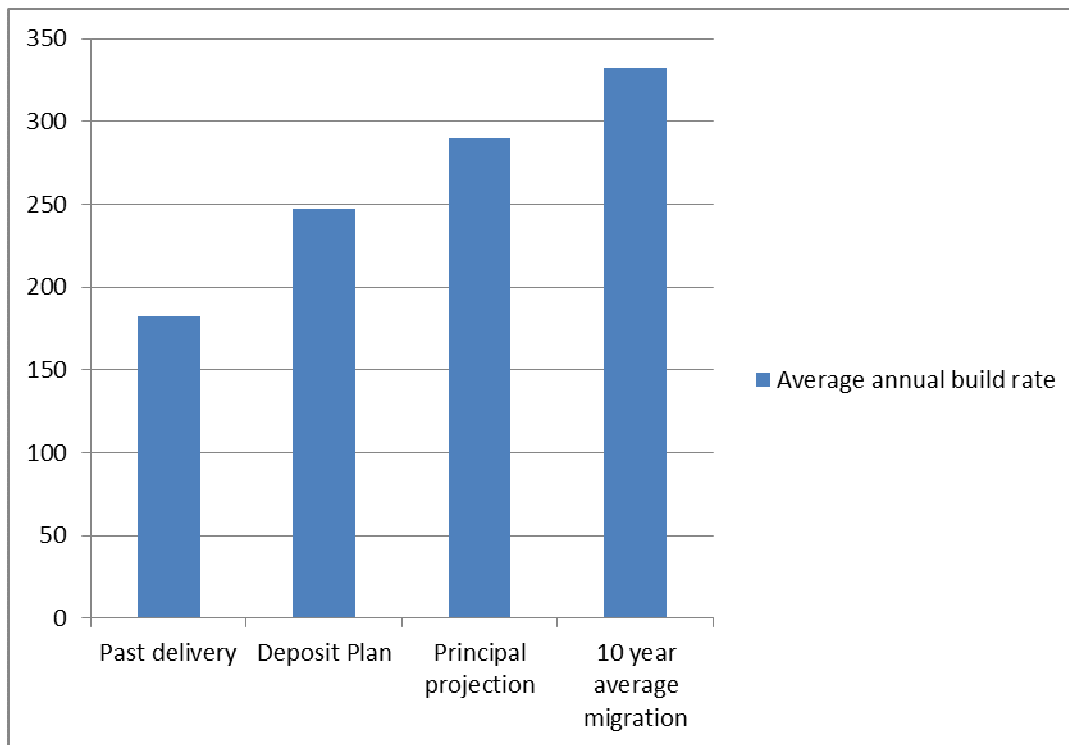


Chart 1: comparison between average annual build rates

2.20 As can be seen from the table above, meeting the principal projections would require an upturn in housing completion rates (just over an additional 100 housing units per annum) from those achieved in the Gwynedd Local Planning Authority area over an 11 year trend period. Meeting the 10 year projected requirement would require a significant upturn. Meeting the Deposit Plan projected requirement for the Gwynedd Local Planning Authority will still require an uplift.

2.21 It is also important to consider indicators such as overcrowding, concealed and sharing households to assess whether there is an un-met need for housing and whether the projections should be adjusted upwards.

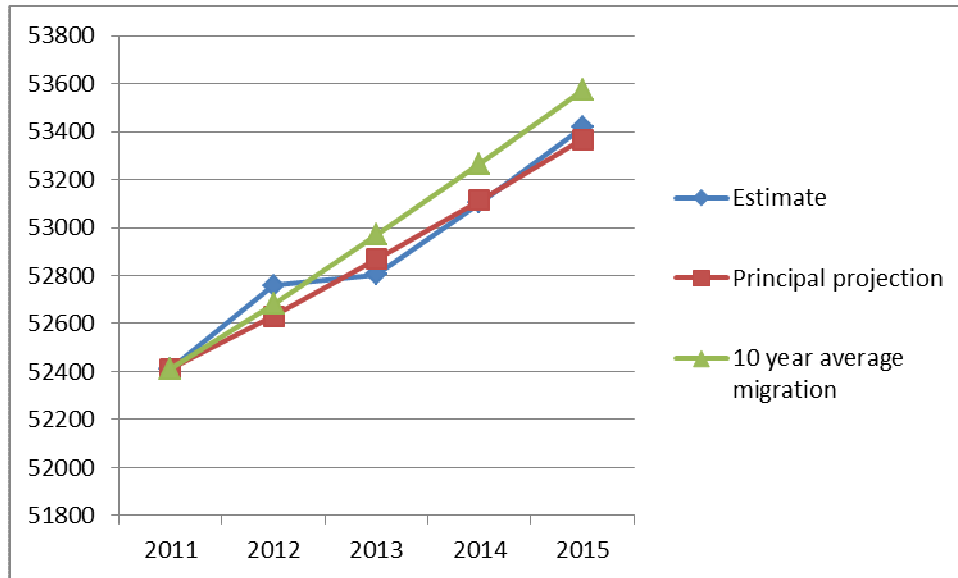
2.22 According to the results of the 2011 Census 78% of all households either have one more room/bedroom than the standard requirement or 2 more rooms/bedrooms than the standard requirement (Table QS412EW). Whilst this may be linked to the historic stock structure of the area, as well as the age profile of households, there is no compelling evidence to suggest an upwards adjustment to the housing requirement.

2.23 According to the results of the 2011 Census, 16% of all one family households in Gwynedd (county) included non- dependent children. This does not include children aged 0 – 15 or children aged 16 – 18 in full-time education and living in a family with his or her parent(s). It is taken to equate to young adults continuing to live at home with their family instead of forming their own households. Background Paper “Explaining the difference between the 2008 and 2011 projections” (DC.017) points to this factor as contributing to a slower growth rate for smaller households. Reference is made to difficulties in buying or renting properties on the open market

as a reason for fewer young people than predicted leaving the family home and forming their own households. Based on information about house prices and income and level of economic growth, there are no signals that this is unlikely to be repeated during the Plan period. In any case, increasing the overall supply of housing as a solution to providing more affordable housing for first time households could result in an even greater affordability issue because the Plan would have to deliver more market housing in order to achieve it.

2.24 The number of households are based on population projections of the number of adults over 16. Before households are estimated, a formula is used to remove those who are expected to live in communal establishments, such as student halls of residence, hospitals and nursing homes. Background Paper Population and Household Projections (DC.016) notes in Gwynedd, the flows of internal migrants are influenced by the University, with migrants in the 15–24 age groups dominating the in- and out- flows (i.e. students moving to Gwynedd for university and leaving after a period of study). Student inflows and outflows are also an important component of Gwynedd's international migration profile. The Paper explains that a proportion of students are excluded from the household calculation through the population 'not-in-household' statistics (i.e. the 'communal' population). Those students that live in accommodation provided solely for students during term-time, i.e. halls of residents, are therefore not included in the household requirement calculations. Houses rented to students by private landlords are included in the calculation. Therefore, from the data available it is not possible to fully identify the impact of student-led migration in Gwynedd. Without the in-migration of students, it is likely that migration patterns would be similar to those seen in the neighbouring unitary authorities of Conwy County Borough and Isle of Anglesey. In-migration would be mostly driven by the older age groups who were retiring to the area. Over time, it is probable that the age profile of Gwynedd would be skewed towards the older age groups. Students are taken to be resident at their term-time address. Census Table KS105EW notes that 689 households in Gwynedd were recorded as all full-time student households. It is understood that students living in these households are included at the aging- on stage of the calculation of population growth. Although they do not include the occupants of university halls of residence, household projections will include students who are resident in private accommodation as these form part of the general private household population.

2.25 The following graph compares the principal household projections, 10 year average migration projections and the household estimates for Gwynedd (county) during 2011 – 2015. On the whole it shows that there are differences between the 10 year average migration projection and the estimated mid-year household figures. The principal projection figures are more aligned with the annual estimates of households.



2.26 Having considered all the relevant factors described above, in various Background Papers and in Statements, the Councils consider that a housing requirement which takes account of a relatively lower jobs-led projection in Gwynedd (compared with Anglesey), will adequately provide for housing growth and economic growth up to 2026. The approach recognises issues relating to sustainability and deliverability and aligns with each Council's strategic plans. The assessment allows for development opportunities in Anglesey, aligning jobs and housing opportunities. It is considered that the approach aligns with national planning policy and takes account of Ministerial advice.