



**Powys County Council**

**Explanation of the Powys Local Development Plan  
Dwelling Requirement**

**September 2016**

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## **Executive summary**

- This paper provides further clarification on the Council's position in relation to the dwelling requirement figure of 4500 dwellings included in the Focussed Changes (FC) to the 2nd Deposit Draft Local Development Plan (LDP).

### **Reasons for the changing LDP dwelling requirement figure**

- The LDP dwelling requirement figure (DRF) has changed several times during the last 4 years in the course of the LDPs preparation. The reasons for the figure changing are: i) the Welsh Government 2008 population and household projections were replaced after the Pre-Deposit Stage with the 2011 projections (which are currently being used) which contained significantly lower predictions; ii) the requirements of Planning Policy Wales (PPW) and guidance in TAN1 - Joint Housing Land Availability Studies (2015) for local planning authorities to demonstrate a 5-year land supply when LDPs are adopted. Having undertaken further work on the deliverability of the dwelling requirement figure included in the 2nd Draft Deposit, it was reduced in the Focussed Changes to what is considered to be a more deliverable one based on completions rates in recent years and considering the ability of the market to deliver
- When deriving the LDP dwelling requirement figure of 4500, the Council considered a number of factors including: population change and the number of households predicted up to 2026 using the Welsh Government 2011 population and household projections; the aims and objectives of the Council, including building more houses Powys; and also the realistic prospects for the delivery of the dwelling requirement;

### **Household projections and Mid- Year Estimates (MYE)**

- The Welsh Government 2008 household projections were used at the Pre – Deposit Stage of the LDP which estimated a significantly larger number of households at 2011 than, according to the 2011 Census they actually were. Consequently, the dwelling requirement figure that would have been derived from the 2008 Principal projection would have been at a level never before experienced in Powys. The 2008 projections were replaced by the 2011 projections which were subsequently used to derive the DRF at the 1<sup>st</sup> Deposit Draft LDP.
- The Council recognises that the 2011 Principal projection is based upon a 5-year period that was severely affected by an economic downturn and therefore as would be expected its predictions for net migration and the number of households forming up to 2026 are low compared to the levels of those years leading up to the start of the recession. The Welsh Government recognised this and issued a letter to all planning authorities in Wales (letter 10 April 2014) (see Appendix 1) advising them to be cautious about the use of the Principal projection. The Welsh Government also released an alternative projection variant the 10-year migration variant, which it considered by using a longer trend period of 10 years as opposed to 5 years provided a more balanced basis on which to plan for the future in LDPs.
- The Council has concluded that although that the Principal projection is based on a period of economic downturn it is the more realistic of the two on which to begin deriving the dwelling requirement figure. This conclusion is supported by recent evidence on population

change. When comparing the mid-year estimates (MYE) for migration in Powys against those in the projections, the current figures are below those predicted in the 2011-based principal projection and hence even further below the 10-year migration projection. Whilst it is considered feasible that, with an improving economy, net migration may return to the level predicted in the Principal projection, there is no indication that it would reach the levels predicted in the 10- year migration variant.

- Furthermore, if the 10-year migration variant from the latest household projections were to be used, the starting point for new dwellings required in Powys would be 5863 homes. This translates to a build rate of 391 dwellings per annum over the 15-year period. This is considered an overly ambitious figure when compared to annual completion levels since the Plan's start date (around 200/annum) and taking into account the "catch-up" requirements that fall on the remaining years of the Plan. It is of note that the draft figure of 315 completions in Powys over the 2015-16 year is a marked improvement on recent years and indicates signs of housing market recovery.
- The number of dwellings of 5863 (391 dwelling per annum) which has been converted from the number of households predicted by the 10-year migration variant is considered an ambitious figure when compared to annual completion levels in recent years (around 200) with the exception of the most recent figure of 315 completions in 2015/2016.

### **Economic Needs Assessment (2013) and Addendum (2015)**

- Findings from the economic forecasting undertaken as part of the original Assessment, together with the revised labour force analysis and population projection data produced as part of the Addendum suggest that employment requirements and aspirations within Powys are not driving the housing market in the County. There is no identifiable relationship between the requirement for employment land in the County during the plan period and dwelling requirement figure. The need for additional employment land to be allocated has been identified in the Economic Needs Assessment, primarily for existing businesses seeking to expand and needing larger premises. The need is not the result of newly forming businesses nor businesses re-locating in the County that would result in a significant number of people moving into Powys for employment which would then translate into increased an increased housing demand and requirement.

### **Council's Corporate Strategies**

- The Council's Corporate Strategies including the Joint Commissioning Strategy for Older People in Powys Addendum (2016) that identify the need for affordable homes and specifically designed accommodation for the ageing population of Powys. This strategy is expected to result in the need for between 290 and 310 new dwellings in Powys up to 2026.

### **Delivery of the dwelling requirement figure**

- The dwelling requirement figure of 4500 dwellings deviates above the 4087 dwellings predicted over the plan period in the 2011 Welsh Government Household projections. The reason for this deviation is to ensure that by having an increased number of dwellings the plan is suitably aspirational and helps achieve the Council's corporate strategies including

the provision of affordable homes. The deviation is also considered justified based on recent MYEs showing a continuing upward trend in net migration with 2014 at 174 and 2015 at 297.

- In order to deliver 4,500 new homes across Powys, the LDP requires an annual build rate of 300/annum. Despite the under achievement of this build rate in the early years of the LDP period, there is evidence that there has been a 'pick up' in the housing market since 2014, which is giving confidence that the 4500 dwellings are deliverable. There has been an upturn in the number of: pre- planning application enquiries; planning applications submitted for new dwellings and planning permissions granted for sites with 5 plus dwellings. The number of dwelling completions for April 2015 to April 16 2016 at 315 (to be confirmed in 2016 JHLAS) are also significantly higher than previous years.
- The 315 completions in 2015/16 are above the annual dwelling requirement of 300 deduced from the overall number of 4500 dwellings. However, between March 2011 and March 2015, the number of dwellings completed each year was in the region of 200. Looking ahead over the remaining years of the LDP the rate of completions will need to continue at around 348/annum so as to take into account the-residual number of dwellings carried forward from the underperforming years and in order to deliver the LDP requirement of 4500 dwellings. This target build rate is realistic for the county as in the pre-recession years (e.g. 2004, 2005, 2006), Powys regularly experienced build rates of at least 400/annum and recent building rates are starting to approach this (315 units in 2015/16).
- An adopted LDP, containing new housing allocations should provide further confidence to a housing market that has recently been showing signs of an improvement that will help ensure that the dwelling requirement of 4500 is delivered.

# 1. Introduction

- 1.1. This paper provides further clarification on the Council's position in relation to the dwelling requirement figure of 4500 dwellings included in the Focussed Changes (FC) to the 2nd Deposit Draft Local Development Plan (LDP) that went out to consultation in January 2016.
- 1.2. The Council has produced this paper in order to explain a number of issues including:
  - How the dwelling requirement figure was derived;
  - The reason for the dwelling requirement figure having changed over the course of the LDP process from that contained in the Pre-Deposit (Preferred Strategy) stage to the Focussed Changes;
  - The reason for the figure deviating above the 2011 Principal projection figure of 4087 dwellings.
- 1.3. This paper should be read in conjunction with the Population and Housing Topic Paper to the 2nd Deposit Draft LDP (May 2015) and the Addendum document to it (January 2016) (Examination document ref. no. EB35). Specific references to relevant sections within these documents are given on page 12 of this paper
- 1.4. There is also an Affordable Housing Background Paper (June 2015) and Update document (June 2016) (Examination document ref. no. EB21).

## 2. National Policy Context

- 2.1. The Population and Housing Topic Paper (May 2015) (Ref: EB 35) contains a section on pages 2 to 9 in which national legislation, policy and guidance is discussed including the National Housing Strategy and the Wales Spatial Plan. However, the latest policy guidance is discussed below.

### **Planning Policy Wales (PPW)**

- 2.2. Planning guidance provided to local planning authorities by the Welsh Government in relation to producing LDPs is contained in Planning Policy Wales (PPW), Edition 8 (January 2016).
- 2.3. However, it should be borne in mind that Edition 7 of PPW (July 2014) was the relevant edition when the dwelling requirement in the Focussed Changes documents was being derived. This is stated in paragraph 9.2.2 that:

‘The latest Welsh Government local authority level Household Projections for Wales should form the starting point for **assessing housing requirements**’.

*‘Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Local planning authorities should consider the appropriateness of the projections for their area, based upon all sources of local evidence, including the need for affordable housing identified by their Local Housing Market Assessment. **Where local planning authorities seek to deviate from the Welsh Government projections, they must justify their own preferred policy based projections**’.*

- 2.4. The recently issued Edition 8 of PPW (January 2016) provides the following guidance on how the dwelling requirements should be derived in revised paragraph 9.2.2 which states that:

*‘.. Household Projections for Wales alongside the latest Local Housing Market Assessment, will form part of the plan’s evidence base together with other key issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations, the provisions of corporate strategies and the deliverability of the plan.’*

and that:

*‘...Local planning authorities will need to assess whether the various elements of the projections are appropriate for their area and if not, undertake modelling, based on robust evidence, which can be clearly articulated and evidenced, to identify alternative options.’*

## **Technical Advice Note 1 (TAN1) – Joint Housing Land Availability Studies (January 2015)**

- 2.5. The Welsh Government issued Technical Advice Note 1 (TAN1) – Joint Housing Land Availability Studies in January 2015. The requirements of TAN 1 follow on to those included in Planning Policy Wales (PPW) by requiring that local planning authorities, on the adoption of their LDP, need to demonstrate a 5- year land supply that is readily and genuinely available. Consequently, the housing requirement in the Powys LDP needs to be set at a figure that can be realistically delivered by the house building industry because if it is not, the implications are that the Council will not be able to demonstrate a 5-year land supply.
- 2.6. The methodology applied for calculating the land supply trajectory for the LDP period follows the residual calculation identified within TAN 1. This involves comparing the amount of land that is considered to be genuinely available for any given 5-year period with that amount of land that is needed for that period of time for the remaining housing requirement identified within the LDP.
- 2.7. The implications of not having a 5-year land supply is that it signals that a local planning authority does not have a sufficient supply of land readily available for development. The main consequence of this happening is that developers can then apply for planning permission for housing on a site not allocated in the LDP and use the argument that there is not a 5-year land supply to justify the need for their site to be developed. This is undesirable as it leads to a situation of uncertainty and furthermore presents a risk to the strategic direction of the statutory development plan.



### 3. Background information about Population trends in Powys

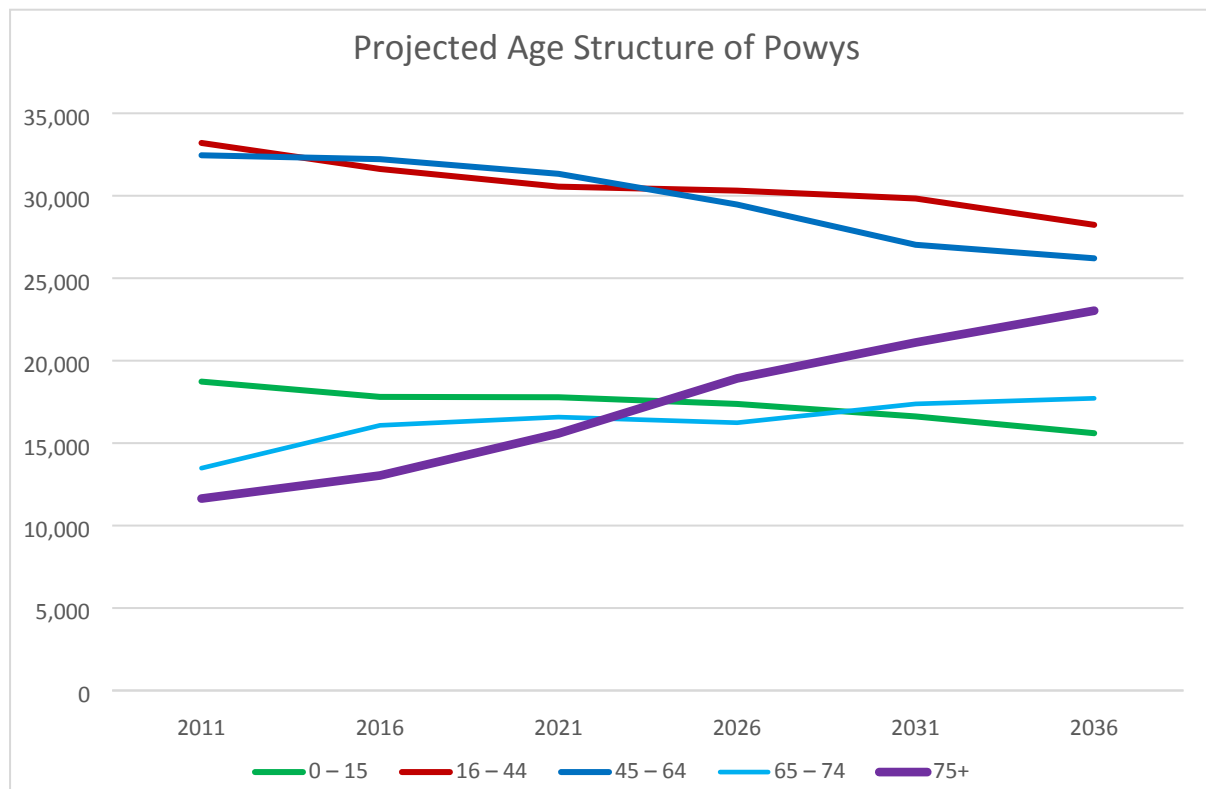
3.1. The Population and Housing Topic Paper (May 2015) (EB 35) provides demographical information in Section 3, pages 10 to 14. Natural change (death and birth rates) discussed on page 12 and paragraph 3.5 of the 2015 Topic Paper and Table 2 clearly shows that the number of deaths since 2002 in Powys have consistently out-numbered births. In contrast, migration has been far more volatile over recent years and discussed further below.

#### Age Structure of Powys

3.2. The graph below in Fig. 1 shows that the population of Powys is projected to increase in average age, with an increasing number of elderly over 65 and a decreasing number of people across all the age groups up to 65.

3.3. Within the 16 to 44-year-old age bracket there has been net out migration, highlighting the key issue faced by the County of an ageing population. Powys has the second highest average age in the whole of Wales and the largest population cohorts in Powys are the 60-64 and 65-69 year olds. For Wales and the UK on the other hand, the largest cohorts are 40-44 olds and 45-49 year olds.

**Fig. 1 Projected Age Structure of Powys, 2011-2036 (2011 Principal projection)**



Source: 2013 ONS Population Estimates Unit

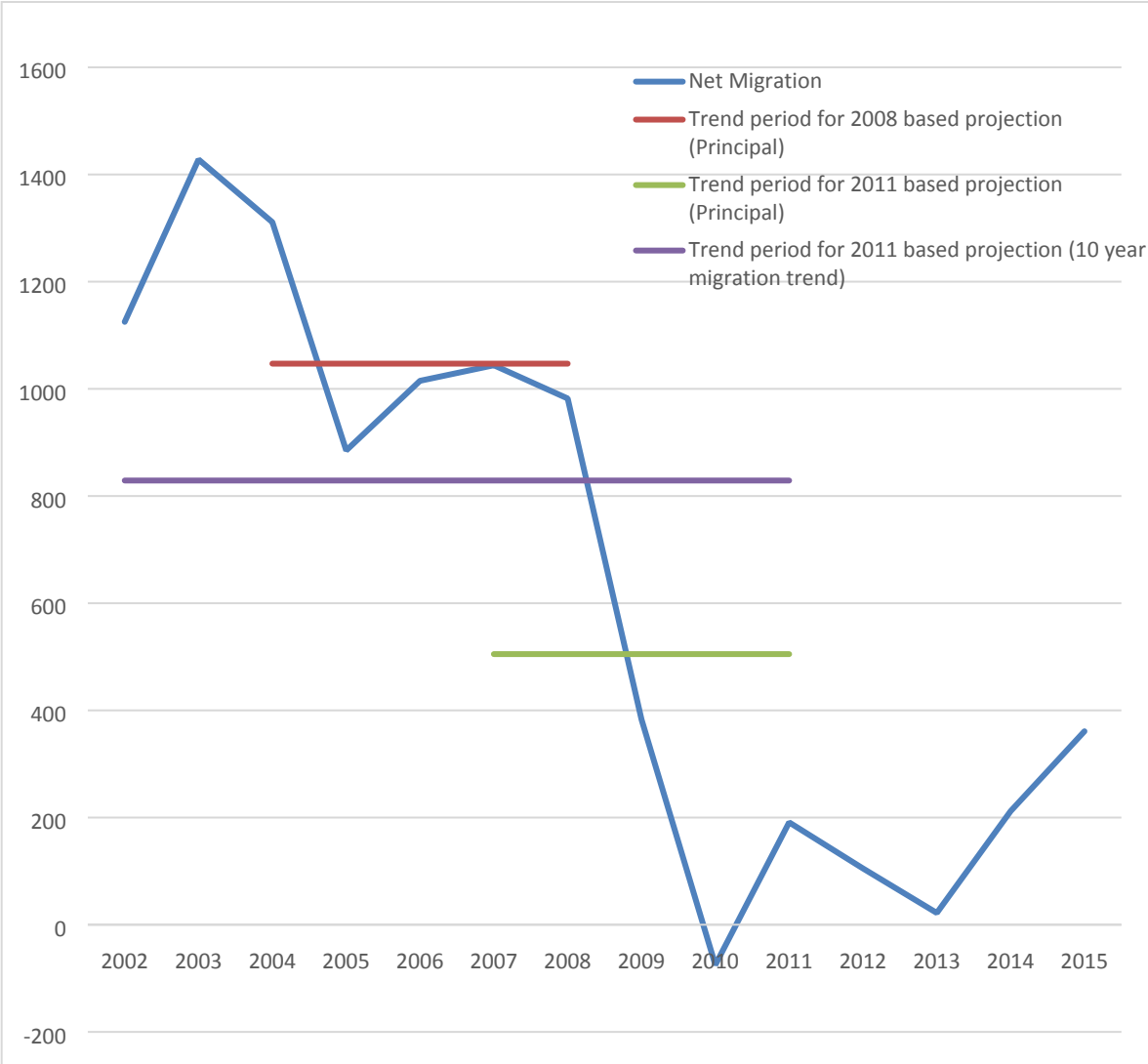
3.4. The critical issues for Powys are therefore:

- The increasing number of retirement age residents significantly increasing the proportion of economically inactive people in the County and the ratio between the workforce and economically inactive people.
- The trough in the population aged between 15 and 64, as these people offer a significant level of socio economic contribution to a local economy and having left the County to attend further education establishments in many cases they do not return until their late thirties at the earliest

**Migration and Mid-Year Estimates (MYEs)**

- 3.5. The most significant factor responsible for changing the population in Powys since 2002 has been migration. The number of births and deaths remains relatively stable year-on year. Net population increase comes from migration, which can fluctuate significantly over a relatively short period, for example, Table 2 shows a difference of 1263 between 2003 and 2010. It is clear, however, that overall growth in population comes from a net increase of people moving into the area – whether new migrants or returning former residents for example students. The years 2013 and 2014 experienced migration gain in all 5-year age groups up to and including the 65-69 age group with the exception of the 15-19 age group and the 25-29 age group which saw young adults leaving the area.
- 3.6. Population change in Powys has been influenced by internal migration of people from within the UK and by international migration from the A8 countries that entered the EU in 2004. Fig. 2 is a graph that shows net migration for Powys between 2001 and 2013 (blue line) and clearly shows that migration peaked in 2003 at over 1175 when the UK economy was in a period of growth. This resulted in net migration annually being over 800 between 2001 and 2008. The impact of the recession became apparent in 2009 as the graph in Fig.1 and Table 2 both clearly show when net migration levels fell in Powys. Net migration dropped to 315 in 2009, before Powys experienced its first net outward migration in 2010 (-88). The figures have since returned to net inward migration and the figure for 2014 is 174 and for 2015 it is 297 (23 June 2016).

**Fig. 2 - Annual net migration for Powys (excluding BBNPA area), showing trend periods used in Welsh Government population projections**



Source: mid-year population estimates, ONS; WG 2008 and 2011 based household projections

3.7. The graph in Fig. 3 (Page 14) shows how the population of Powys (bold black line) has changed since 2001 and includes the latest population figures from the most recent mid- year estimates (MYE). The most recent MYEs (including for 2015 with a net migration at 297) do not indicate that annual net migration will rise to the level predicted in the 10-year migration variant of 681 per annum up to 2026.

**Table 2: Components of Migration in Powys County (excluding BBNPA plan area)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Internal in	4751	4885	4944	4564	4568	4851	4497	4072	4105	4134	4508	4201	4369	4542
Internal out	3886	3734	3867	3820	3913	4152	3846	3791	3966	3947	4325	4250	4224	4226
International in	222	199	152	186	317	341	422	291	207	190	230	234	280	303
International out	161	174	151	202	137	180	265	257	409	220	327	166	250	323
<b>Total</b>	926	1175	1079	728	835	859	808	315	-88	157	86	18	174	297

Source: 2001 to 2014 Office for National Statistics- Mid-Year Population Estimates

- 3.8. The graphs in Fig. 2 (and Fig. 7 on page 27) clearly show how volatile migration can be as a factor of population change over a period of 15 years and how it can fluctuate significantly largely due to external factors. Table 2 above also shows how migration can fluctuate significantly over a 15 year period with net migration in 2003 reaching 1175 during the more buoyant years and falling into negative numbers in 2010 at -88 during the economic downturn.
- 3.9. Table 2 presents the most recent MYE for 2015, which shows net migration at 297. This is considered to be an indication of an upward trend in net migration levels that should continue to increase and reach the net migration annual figure of 405 predicted in the Principal projection.
- 3.10. It is considered that migration into Powys is driven by a number of reasons, including an improving economy attracting people seeking a work life/ balance and increasing numbers of early retirees coming to live in the County which is possibly due to earlier access to pension pots.
- 3.11. One of the main factors that saw net migration at the high level of 800+ people per year between 2001 and 2004 prior to the A8 countries entering the EU was that people took advantage of the lower property prices in Powys. House prices in Powys compared to other areas such as Shropshire and the Midlands, are significantly lower and people have been attracted into the County by relocating to buy larger properties and live in a more rural setting.
- 3.12. House prices in many parts of England and Wales are again increasing but prices remain relatively static in Powys, which may result in the same situation being replicated but not necessarily at the same level.

### **Average Household Size**

3.13. The average household size is projected to reduce over the plan period from 2.14 to 2.13 as shown in Table 3 below. The 2011 Principal projection predicts a larger household size at 2026 when compared to the household size predicted in the 2008 projections. The difference between the 2008 and 2011 projections, therefore, has implications for the anticipated level of households projected by the end of the LDP period and indicates a reduced requirement for new housing by 2026.

**Table 3: 2008 and 2011 Household Projections - Predicted Household size 2011 to 2026**

	2011 (Household size)	2016 (Household size)	2021 (Household size)	2026 (Household size)
2008 Based Projections	2.23	2.16	2.11	2.07
2011 Based Projections	2.24	2.20	2.16	2.13

Source: Welsh Government 2008 based and 2011 based Household Projections

3.14. The 2011 Census found that the number of households between 2001 and 2011 had not grown as fast as previously predicted in the 2008 household projections as shown in Table 3 above. There have been lower numbers of young people leaving home and starting their own households, lower numbers of young people living alone/in small households, more adult children remaining or returning to the parental home, more households formed from unrelated adults and lower numbers of elderly females living alone as men are living longer. All these factors help explain the changes and improvements to data relating to household membership rates.

## 4. Background to the changing LDP dwelling requirement figure

- 4.1. There have been four different figures presented as the proposed dwelling requirement at different stages of the LDP. This section of the paper explains the reasons for the figure having changed at different stages of the LDP as shown in the Table 4 below:

**Table 4: The Changing Proposed Dwelling Requirement Figure (DRF)**

Stage of the LDP	Proposed DRF	Summary of reason(s) for changing the DRF
Pre- Deposit (Preferred Strategy)(2012)	7700	Use of WG 2008 projection aligned to the lower variant resulted in a DRF that was considered a more deliverable than that derived from the Principal projection. The WG commented the use of the lower variant and not the Principal was not sufficiently justified by the Council
1 <sup>st</sup> Deposit Draft LDP(2014)	4500	The DRF was reassessed following the issue of the WG 2011 projections which replaced the 2008 projections and the Principal projection was used that predicted a figure which was considered by the Council to be achievable and deliverable
2 <sup>nd</sup> Deposit Draft LDP (2015)	5519	The Council took into consideration the advice of Welsh Government to use the 2011 10-year migration variant instead of 2011 Principal (5-year trend period) because the Principal was based on a period of recession. DRF was derived between the two projections due to recent net-migration levels significantly below the 10- year migration level and the Council wanting the LDP to be aspirational and deliver its objectives included in its local strategies (e.g. provision of affordable housing and regeneration targets) requiring a balanced figure.
Focussed Changes to 2 <sup>nd</sup> Deposit Draft LDP (2016)	4500	The DRF was reassessed to take account the deliverability of houses in Powys based on recent build rates and market testing in order to satisfy the requirements of TAN 1 and the need to demonstrate a 5-year supply on adoption of the LDP.

### **Pre- Deposit (Preferred Strategy) (2012)**

- 4.2. The Welsh Government 2008 Population and Household Projections were used to derive the dwelling requirement figure at this stage of the LDP. The Council decided upon using the lower variant as a starting point rather than the Principal projection. The number of dwellings derived from the lower variant was 7700, equating to an annual dwelling requirement of 513.

By contrast if the principal projection had been used, a figure of 9,796 dwellings would have been derived with an annual figure of 653 dwellings. The Council considered this figure to be unrealistically high based on there being no records of past build rates being at that level, even during the years between 2001 to 2008, when the economy was in a buoyant period. The Welsh Government commented that use of the lower variant as opposed to the preferred Principal projection had not been sufficiently justified by the Council. The Preferred Strategy dwelling requirement figure was not carried over into the 1st Deposit Draft of the LDP due to DRF being reassessed following the release of the 2011 Welsh Government population and household projections which replaced the 2008 projections. As the latest projections, they needed to be used instead of the 2008 projections going forward to the next stage of the LDP.

#### **1<sup>ST</sup> Deposit Draft LDP (July 2014)**

- 4.3. The Principal projection of the 2011 population and household projections was used to derive the dwelling requirement figure of 4500. However, representations were received from the Welsh Government that stated that there was insufficient evidence and explanation accompanying the Draft Deposit LDP in respect to this figure for it to be progressed to the next stage of the LDP process. Subsequently, the Council although considering that the DRF of 4500 units was deliverable considered that there was a high risk of the LDP being found unsound and decided to prepare further evidence and a 2nd Deposit Draft LDP.

#### **2<sup>ND</sup> Deposit Draft LDP (June 2015)**

- 4.4. The 2nd Deposit Draft LDP was accompanied by a number of background papers including a Population and Housing Topic Paper (June 2015) which explained the dwelling requirement figure for the LDP.
- 4.5. The 2011 Welsh Government Population and Household Principal predicted dwelling number of 4087 was used as the starting point to derive the dwelling requirement figure of 4500. However, caution about the use of the Principal projection was advised by the Minister for Housing and Regeneration, Carl Sergeant in his letter to all local planning authorities in Wales (April 2014) (see Appendix 1). This set of projections being based on a 5-year trend period that included a number of years that were affected by the economic downturn resulted in the level of net migration predicted by the Principal projection was considered to be a too pessimistic a basis on which to plan for the future. In order to take account of the economic downturn, the Welsh Government issued the 10-year migration variant, which covered a 10-year period (as opposed to 5 years) and consequently spanned a period that had a high level of economic growth with significantly higher net migration levels. By using a longer trend period, the 10-year migration variant was considered by Welsh Government to provide a more balanced projection for use by local planning authorities in deriving their dwelling requirements.
- 4.6. The dwelling figure derived from the 2011 Principal projection is 4087 (which equates to 272 dwellings per year) whereas from the 10- year migration variant, the dwelling figure is 5863 dwellings (which equates to 391 dwellings per year).
- 4.7. The annual net migration predicted in the Principal is considered to be at a relatively low figure of 405 people per year compared to what the net migration levels were in the more buoyant years in relation to the economy (2001 to 2007) when they surpassed 800 for several

years and peaked at 1175 in 2003. In line with Welsh Government advice, the Council considered the 10- year migration variant with its predicted annual net migration figure of 681. However, due to the most recent Mid-Year Estimates (MYE) at that time showing net migration at 174 in 2012 and 18 in 2013 it was considered that with the post-recession economy in Powys was recovering at a slow pace and that net migration was not realistically going to reach the level predicted in the 10-year migration variant.

- 4.8. The Council, therefore, sought a balanced dwelling requirement figure lying above the Principal dwelling figure of 4087 but below the 10-year migration variant projection figure of 5863 dwellings. This resulted in the figure of 5519 dwellings being derived, which took into account the various factors such as the considerable number of dwellings that were available in the existing land bank (sites already benefiting from planning permission) which would carry forward into the LDP period and the aspirations of the Council which were identified as:
- i. The need to increase levels of net migration;
  - ii. The retention of young out-migrants;
  - iii. The need to deliver the Council's policy aspirations including affordable housing and regeneration; and
  - iv. The availability of suitable sites.
- 4.9. A degree of sensitivity testing was employed and the figure was also balanced against an assessment of delivery based on past build rates (i.e. aspirations had to be realistically achievable).

#### **Focussed Changes (FC) to the 2<sup>nd</sup> Draft Deposit LDP (January 2016)**

- 4.10. The reasons behind the dwelling requirement figure contained in the Focussed Changes of 4500 dwellings were explained in the Addendum to the Population and Housing Background Paper (January 2016). The Addendum explained that the reason for the change from 5519 to 4500 dwellings was due to the Council considering that the market conditions and the building industry at that time were not at a level that could ensure the delivery of that number of houses during the plan period. The figure of 4500 was based, therefore on the 4,087 dwellings arising from the 2011-based Principal Household Projection revised upwards to take account of identified local factors, which are discussed in the next section.

#### **Conclusion**

- 4.11. The Council has sought to derive a DRF that is realistically deliverable, hence the use of the 2008 lower variant figure as opposed to the preferred but considered unrealistically high figure in the Principal projection at the Pre- deposit (Preferred Strategy) stage of the LDP. The Council accepts that the DRF of 5519 at the 2<sup>nd</sup> Deposit Draft stage following an assessment of the building market to deliver that amount of housing was too aspirational and not likely to be achieved even though the Council was advised by the Minister for Housing and Regeneration to consider the 10 year migration projection rather than the principal projection. Despite the changing LDP dwelling requirement figure, the settlement strategy of the LDP has fundamentally remained the same since the Pre-Deposit (Preferred Strategy) with the focus of new development being on the towns and larger villages. The development management



policies contained in the LDP will seek to ensure only limited growth in the smaller villages and the rural areas be permitted in order to retain a settlement hierarchy strategy.

## **5. How the LDP dwelling requirement of 4500 was derived in the Focussed Changes**

- 5.1. Welsh Government guidance for local planning authorities to derive their LDP dwelling requirement figures is found in Paragraph 9.2.2 of PPW (Edition 8, 2016) which states that:

*‘the latest Welsh Government local authority Household Projections for Wales alongside the latest Local Housing Market Assessment, will form part of the plan’s evidence base together with other key issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations, the provisions of corporate strategies and the deliverability of the plan.’*

- 5.2. The following factors were considered in deriving the LDP dwelling requirement figure:
- i. Welsh Government Population and Household Projections as a starting point;
  - ii. Other local factors including local demographic factors, evidence base studies and corporate strategies; and
  - iii. The deliverability of the dwelling requirement in light of the requirement of TAN 1 for the Council to demonstrate a 5-year supply of land on adoption of the LDP.

### **The 2008 and 2011 Welsh Government Population and Household Projections**

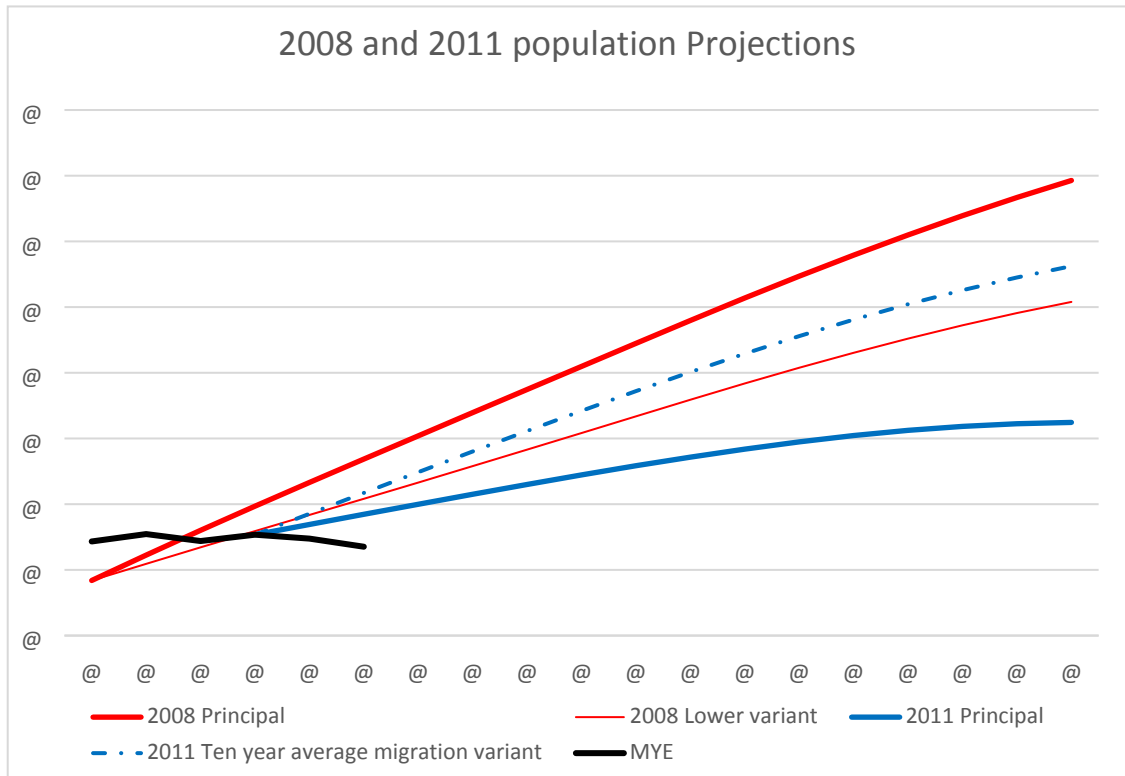
- 5.3. The Population and Housing Topic Paper (May 2015) and update to it (January 2016) (Examination document - EB35) provides further detailed information on the following:
- The use of the Welsh Government Population and Household projections on page 18, paragraphs 4.10 to 4.12;
  - The 2011 Population and Household projection on pages 18-20, paragraphs 4.13 to 4.22 and the predicted change in number of households and average household size in Table 9;
  - Implications of predicted changing household formation and size on pages 20 to 22, paragraphs 4.23 - 4.30
  - Projected age structure of the Powys population on pages 22 to 23, paragraphs 4.31 to 4.34
  - The variants of the 2011 Population and household projections including the 10-year migration variant on pages 23 -24, paragraphs 4.35- 4.36.
  - Comparison between the 2008 and the 2011 Population Projections – pages 25 to 31
  - Using the 2008 and 2011 Population and Household Projections – pages 32 to 43

### **Comparison between the 2008 and 2011 Population Projections**

- 5.4. The graph below (Fig. 3) show the 2008 (red line) and 2011 (blue line) principal population projections as well as the different variant projections. The mid-year estimates from 2008 to 2015 are also shown (black line) which is showing signs of the population growing at rate approaching that predicted in the 2011 principal projection but significantly below that

predicted in the 2008 principal projection due to the latter being based a 5-year period of buoyant economic growth.

**Fig. 3 - Comparison of the 2008 and 2011 Population Projections showing MYE**



Sources: 2008/2011 Welsh Government Population Projections © Crown Copyright  
 2012/2013 Office for National Statistics Mid Year Population Estimates © Crown Copyright

**WG 2008 & 2011 Household Projections and 2011 Census**

- 5.5. The 2008-based household projections estimated the number of households in Powys (including BBNPA area) at 2011 to be 61,398, increasing to 71,712 households by 2026, equating to an increase of 9,070 new households (excluding BBNPA area) being forecast. The household growth of 9,070 households predicted under the 2008 projections is significantly higher than the requirement of 3,784 additional households by 2026 under the 2011-based projections.
- 5.6. The 2008-based projections estimated the number of households at 2011 to be 61,398 whereas the actual number of households at the time of the 2011 Census was 58429. The projections therefore estimated a significantly larger number of households at 2011 than there actually were and continue to predict large increases in the number of households for the whole period. This may be due to several factors, such as the projections being based on a period of high in-migration and a large reduction in average household size which has not reduced at the rate anticipated.

- 5.7. The large variation between the predicted households at 2011 under the 2008-based projections compared to actual households under the 2011 Census supports the Council's view that the 2008-based projections were too high and would have required an annual rate of house building never before experienced in Powys.

### **The 2011 Principal Projection (5-year trend) and 10-year migration variant**

- 5.8. The Population and Housing Background Paper (May 2015) discusses in detail on pages 36 to 44 the characteristics of both the Principal projection and the 10-year migration variant. However, in order to provide clarity and context to this Paper the differences between the two projections are summarised below and also an explanation is provided for the decision to use the Principal projection as a starting point to derive the dwelling requirement figure.

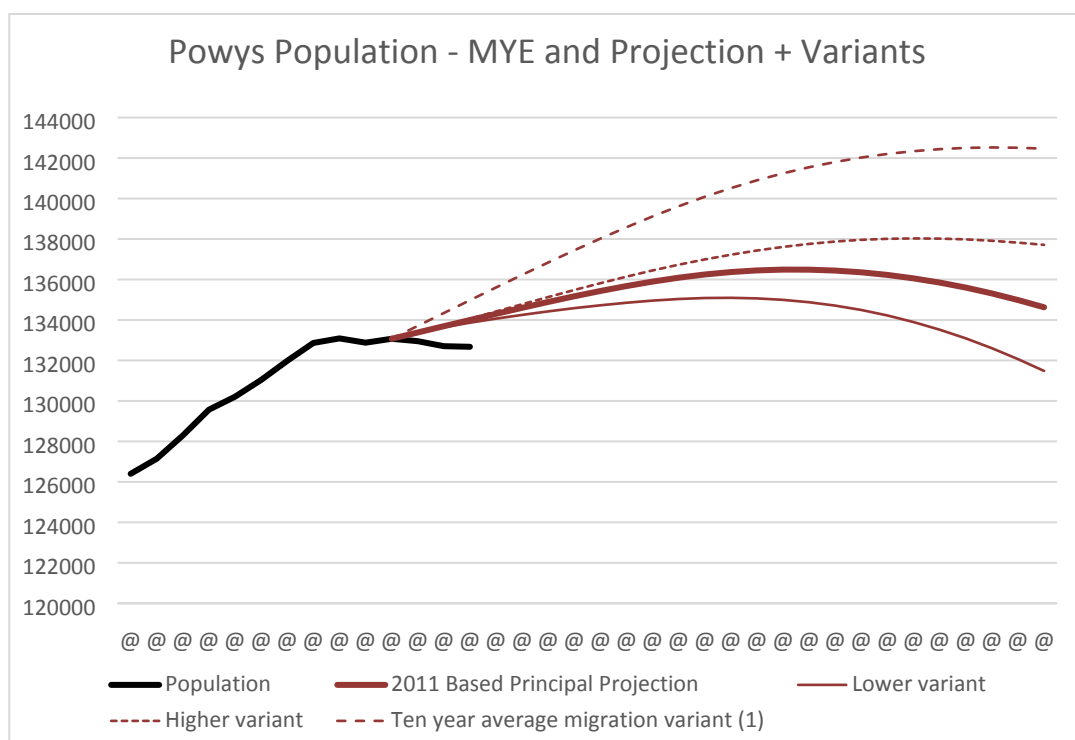
### **The Principal Projection**

- 5.9. The 2011 Principal projection assumes a continuation of the natural change and migration rates experienced in the five years preceding 2011. This projects a population increase for the County (excluding BBNPA plan area) of 2813 people by 2026, which equates to 187 new residents per annum over the plan period. Deaths exceed births in 2011 and over the plan period, this gap is predicted to increase (from 181 in the first year to 453 in 2026). This excess of deaths over births means by the end of the plan period, the population of Powys is, expected to peak and fall after 2026 as the graph in Fig.2 shows. It is, considered that the natural change components of the Principal projection are feasible given the long- term trends and known demographic changes taking place. Net migration is expected to be positive over the Principal projection period (a net figure of 381 UK migrants moving in and 24 overseas migrants in migrating per annum) resulting in a net gain of 405 people per annum, 6075 over the plan period.
- 5.10. The number of households in Powys projected by 2026 is 62,964 (2011 Principal projection) which equates to a growth of 4,535 households between 2011 and 2026 which when revised to the Powys LDP area (minus 17.74% for the BBNPA) is 3,784 households. When the household number of 3784 is converted to number of dwellings (plus 8%, as explained in section 6 paragraph 6.9), 4087 dwellings would be required over the LDP period, which equates to 272 dwellings per year.
- 5.11. The Principal Projection predicts that by 2026 there will be less males and females of working age for all age groups up to the age of 65. The decline in working age population over the projection period and increase in the number of elderly people, who will not be working, is again likely to have implications for the economic prosperity of the County. There will be not only be potentially fewer workers in the age group to occupy jobs but also fewer people of the age (40-55 age) with the greater experience and more skills. The graph in Fig.3 shows a downward sloping line predicted by the Principal projection for the population of Powys after 20206 which the Council aims in the LDP to prevent. Corporately the Council is developing a strategic approach that understands and addresses the impacts and implications of this key issue to plan for the future well-being of Powys.

### The 10-year migration variant

5.12. The 10-year migration variant was released by the Welsh Government, which by taking a longer trend period was considered to provide a more balanced forecast and not so heavily influenced by years affected by the economic downturn. Consequently, the average annual migration deduced from the 10-year migration variant is 681 compared to 405 derived from the Principal projection (5-year trend period). For this reason, the Ministerial letter from Carl Sergeant (10 April 2014) (see Appendix 1) sent to all local planning authorities in Wales, advised the consideration of the 10-year migration variant instead of the Principal projection when deriving their housing requirement figures for their LDPs. The number of households predicted by the 10- year migration variant when converted to dwellings (1:1.08) gives a figure of 5863 dwelling up to 2026, which equates to an annual amount of 391 dwellings.

**Fig.4 Graph showing Population of Powys, 2011 population projections and variants**



Source: Mid-year source: Office for National Statistics © Crown Copyright. Projections - 2011-based Welsh Government local authority population projections for Wales, 2011 to 2036 © Crown Copyright

### Conclusion on the use of the 2011 Principal Projection

5.13. The Council recognises that the Principal projection is based on a 5-year trend period that was affected by a severe economic downturn. Consequently, its forecasts for net-migration and dwelling numbers are at a level that were considered by the Welsh Government to be too pessimistic a basis on which to plan up to 2026. Conversely, due to the relatively slow recovery of the Powys economy out of the recession, the net migration figure of 681 predicted in the 10- year migration variant is not, considered feasible by the Council when compared to recent net migration figures in recent MYEs at only 18 in 2013 and 174 in 2014.

- 5.14. In contrast to the Welsh Government's viewpoint regarding the pessimistic nature of the Principal Projection figures, the Council is confident in using the Principal Projection as a starting point and considers this the most robust and prudent approach. Current evidence points to the fact that the underlying assumptions of the 2011-based Principal Projection are more accurate than those assumptions which underpin the alternative variant projections. Whilst there is a recognised pick-up in the market conditions since 2014, signified by a number of indicators including a marked increase in net migration in 2014/2015 to 174 compared to 2013/14 when it was only 18 this is still some way short of the 405 annual net migration figure included in the 2011 based Principal Projection, although a return to these levels is conceivable. A clear trend cannot be identified from the most recent MYE and therefore the next MYE due to be released in June 2016 should provide a better indication on the direction and the scale of net migration in Powys. Meanwhile, the Council do not consider it sound to plan for new housing on the basis of the 10-year net migration variant of the latest household projections as this must be viewed as too optimistic a scenario. The available evidence does not support the likelihood of a return to migration figures of this level within the lifespan of the Local Development Plan, compounded by the fact that population is expected to peak at the end of the Plan period (2026) and decline thereafter.
- 5.15. The Council, however, is confident in using the Principal projection as a starting point due to a recognised pick up in the market conditions since 2014, signified by a number of indicators including a marked increase in net migration in 2014/2015 to 174 compared to 2013/14 when it was only 18. A clear trend cannot be identified from the most recent MYE and therefore the next MYE due to be released in June 2016 should provide a better indication on the direction and also the scale of net migration in Powys.
- 5.16. The other indications are discussed in more detail in Section 3 of this paper and relate to the delivery of the dwelling requirement figure. Section 3 discusses the up-turn in dwelling completions in 2015/2016 being at 315 (to be confirmed by the JHLAS 2016) compared to previous years and also signs of increased developer activity since 2014 with there being evidence of an increase in pre-planning application enquiries and planning applications submitted and consented.

#### **Other factors considered for deriving the dwelling requirement figure**

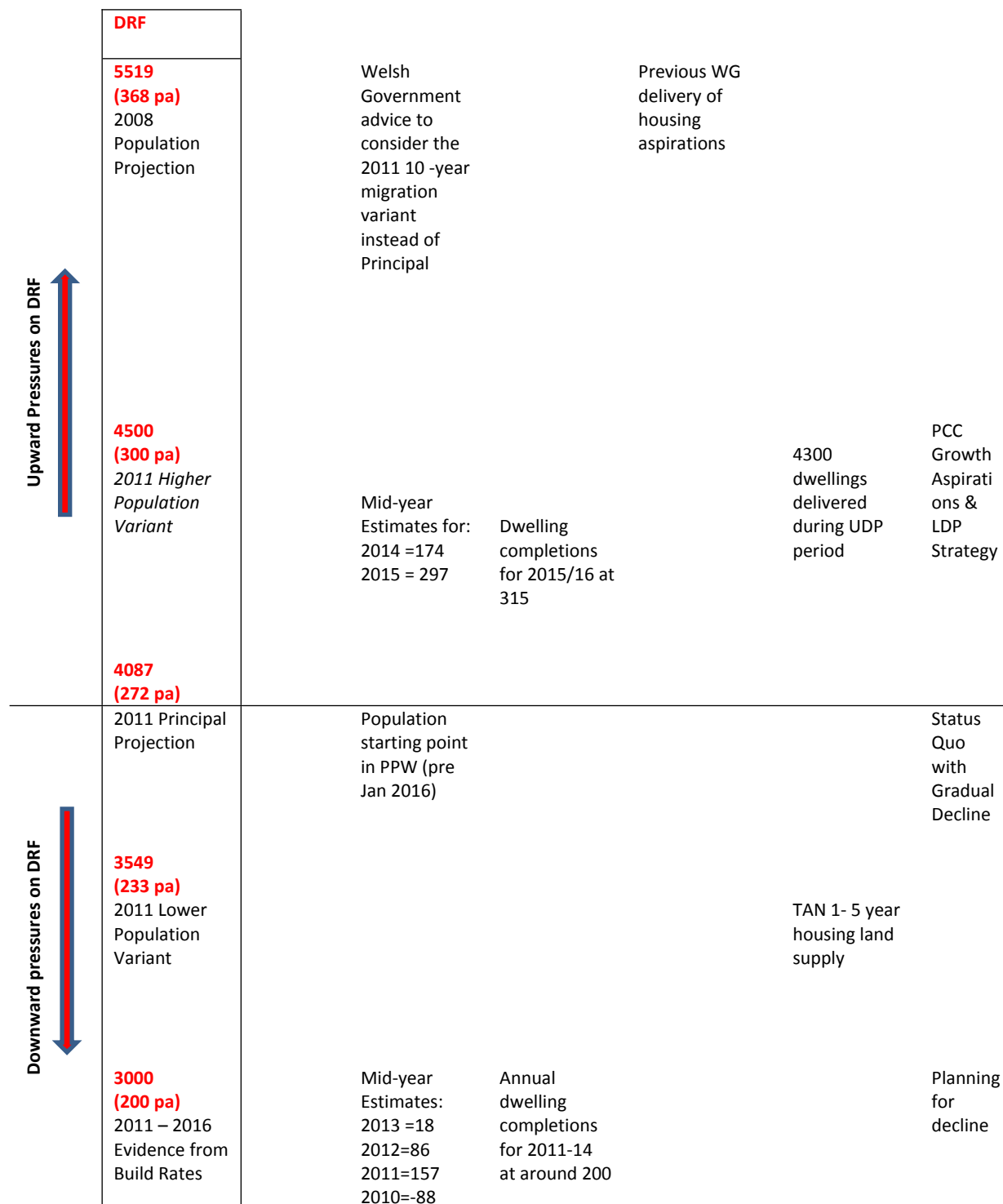
- 5.17. Having accepted the 2011 Principal projection as a starting point, this section outlines the other material factors that the Council has considered in deriving the dwelling requirement figure for the LDP.
- 5.18. PPW at paragraph 9.2.1 (2016) states that in planning the provision for new housing, local planning authorities take into account the following factors:
- People, Places, Futures – The Wales Spatial Plan;
  - Statutory Code of Practice on Racial Equality in Housing – Wales;
  - the Welsh Government's latest household projections;
  - local housing strategies;
  - community strategies;
  - local housing requirements (needs and demands);

- the needs of the local and national economy;
- social considerations (including unmet need);
- the capacity of an area in terms of social, environmental and cultural factors (including consideration of the Welsh language) to accommodate more housing;
- the environmental implications, energy consumption, greenhouse gas emissions and flood risk;
- the capacity of the existing or planned infrastructure; and
- the need to tackle the causes and consequences of climate change.

5.19. Drawing from the list of factors contained within paragraph 9.2.1 Fig. 4 illustrates how these have been considered alongside the 2011-based projections that influence the setting of the dwelling requirement figure. The diagram shows graphically how the various factors would influence the housing requirement either deviating above or below the dwelling number of 4087 dwellings.

5.20. The bullet points that follow the diagram list the various factors that have an influence on the setting of the dwelling requirement figure.

**Fig. 5 – Diagram showing the various pressures influencing the Dwelling Requirement Figure (DRF) either being above or below the dwelling figure derived from the 2011 Principal projection of 4087**





### **Upward factors influencing the dwelling requirement figure**

- Ministerial letter (April 2014) sent by Carl Sergeant all to local planning authorities recommending caution in using the 2011 Principal projection because it was based on a period that was affected by recession and to instead consider using the 10-year migration variant projection trend which has longer trend period resulting in a more balanced projection.
- The latest Mid- Year Estimates (dated June 2015) for the year 2014 showed an upturn in the net migration of 174 contrasts to 18 for 2013. This increase in net migration is one of the indications that the economy is starting to recover and suggests that it is on course to reach annual net migration level of 405 predicted in the Principal projection.
- To meet the objectives and aspirations of the Council contained in its various strategies including the Single Integrated Plan – ‘The One Powys Plan’ and the Local Housing Strategy in relation to the many benefits that new housing developments bring to settlements and their communities including importantly affordable homes.
- The upturn which has been apparent in the Powys economy particularly since 2014 has seen an increase in the number of pre-application enquires and planning applications being submitted across Powys. Increased activity by developers has translated into a significant increase in the number of completions in 2015/16 with a preliminary figure of 315 dwellings that needs to be confirmed in the JHLAS (2016).
- Past completion rates which over the last 11 years have included three years of 400+ dwellings per annum and the most recent completion figure for 2015/2016 of 315 dwellings. This suggests that the requirement figure of 4500 dwellings (300 dwellings per annum) can be delivered by the construction industry with improving market conditions which would help the Council demonstrate a 5-year land supply in accordance with TAN 1.
- The Council’s objective to build more affordable homes (see paragraph 5.21 in this paper in relation to the Draft Local Housing Strategy). This will contribute to the delivery of houses and therefore justifies a more optimistic.
- Registered Social Landlords (RSLs) planning to intensify their build programmes in Powys by means of building low priced market houses in order to use the profits from the sales to build more affordable homes.
- Local evidence including the Local Housing Market Assessment from which a target has been set in the LDP for 1257 affordable dwellings. The greater number of market houses that are planned for increases the prospects of gaining new affordable housing through planning obligations.
- Because of the economic downturn and a period whereby the recovery from it has been slow, there is what is considered a ‘pent up’ demand for new houses. As market conditions steadily improve it provides the necessary the confidence to first time buyers seeking to buy their own homes and also for others to rent property. The issue of suppressed household growth is important as the 2011-based projections provide forecasts for future housing based on these past trends which would not make any provision for the backlog of household formation (‘pent up demand’) during the downturn years.
- 4300 dwellings were delivered during the 15 year period of the UDP

### **Downward factors influencing the dwelling requirement figure**

- Mid-year estimates from recent years have shown that the annual net migration number although increasing in 2014 to 174 from 18 in 2013 is below the number of 405 predicted in the Principal projection and far below the number predicted in the 10-year migration of 681 per annum.
- Annual completions in the last 3 years up to the latest figure for 2015/16 have been around 200 units per annum that, which is well below the 300 figure required to meet the dwelling requirement of 4500. If 200 dwellings per year were to be used for the LDP dwelling requirement it would only equate to 3000 dwellings.
- The requirement of TAN1 (January 2015) for LPAs to be able to demonstrate a 5 year supply and deliverability with the residual methodology is a significant factor in deriving the figure. If an annual target figure is not being delivered this will result in any residual amount that is not built being added to the following year's annual target which will have the knock- on effect of preventing the Council demonstrating a 5-year land supply. The annual dwelling requirement inclusive of the residual figures is currently at 348

### **Evidence base studies informing the LDP**

5.21. The following evidence base studies were considered by the Council to derive the dwelling requirement figure:

#### ***Local Housing Market Assessment (LHMA) (2016)***

5.22. PPW (Paragraph 9.2.2) (2016) identifies the need for regard to be had to other sources of local evidence, including the need for affordable housing as identified by the Local Housing Market Assessment (LHMA.) The LHMA as updated in 2014 has been produced to assess housing needs over a 5- year period (2011-2016). The Assessment identified a need for affordable dwellings of 765 dwellings over the first 5 years of the LDP period, which equates to 153 per annum and 2,295 in total over the 15-year plan period. It is considered unrealistic for the planning system to meet this level of affordable housing and thus the importance of other delivery mechanisms to release affordable homes is paramount. Nevertheless, the planning system has a fundamental role to play and the LDP, through its combination of affordable housing policies, can certainly contribute to the overall supply of affordable homes in the county.

5.23. The affordable housing target of 1257 dwellings is set for the LDP. This is 28% of the LDP dwelling requirement and has had regard to the findings of the LHMA.

#### ***Economic Needs Assessment (2013) and Addendum (2015)***

5.24. Findings from the economic forecasting undertaken as part of the original Assessment, together with the revised labour force analysis and population projection data produced as part of the Addendum suggest that employment requirements and aspirations within Powys are not driving the housing market in the County.

## The Council's Corporate Strategies

5.25. The Council's corporate objectives and aspirations are contained within a number of strategy documents including:

- **One Powys Plan 2014-15** –this is an overarching Council document that sets the strategic direction for service delivery in Powys. It sets out the vision of the Council and key partner organisations. The plan includes a general action plan to 'align' the LDP to ensure it provides sustainable infrastructure.
- **Draft Local Housing Strategy (LHS) (2016)** – the Councils' vision expressed in this document is 'Ensuring a secure future in suitable housing for everyone in Powys' and includes an objective for the Council itself to build more affordable homes. The Strategy recognises that affordable homes can be provided by the planning system through policies in the LDP, which set target contributions for affordable homes as part of new open market housing developments. Alongside the planning system there will be development programmes delivered by housing associations to deliver affordable housing and the exit from the Housing Revenue Account Subsidy regime means that the Council is once again able to develop to meet housing needs. Although, not quantified in the LHS it is estimated that this new source can contribute up to **720** new Council homes in Powys (including the BBNPA area) over the next 30- years which the Council considers is approximately 150 to 200 new dwellings up to 2026.
- **A Regeneration Strategy for Powys: A New Approach (May 2011)** - The intention of the strategy was to put regeneration at the forefront of the Council's functions and to outline how the Council would deliver the identified priorities in partnership with other agencies across the County. One of the objectives of the strategy is housing improvement as a regeneration strategy.
- **Economic Development Strategy for Powys County Council (January 2016)** – this strategy document recognises the economic challenges facing the County and contains initiatives to help retain younger people and attract people of working age into the County. The four objectives of the strategy are:
  - i. Grow Powys' existing businesses
  - ii. Bring new businesses to Powys
  - iii. Increase visitor numbers to Powys
  - iv. Increase Powys' population of working age people
- **Powys Local Growth Zones Initiative** - Local Growth Zones operate in the three main towns of the County of Newtown, Llandrindod Wells and Brecon. The aim of the local growth zones is to help develop new and existing businesses within the towns by providing business support facilities such as conference centres etc.
- **The Joint Commissioning Strategy for Older People in Powys – Accommodation Commissioning Intentions 2016-2021.** Within this strategy the Council is looking to reconfigure and modernise long term residential care provision through the development of Extra Care Housing, including looking for new ways of making better use of existing older people's accommodation and allowing people to stay in their own home as long as possible using home based services. It is expected, that enabling more older people to stay in their own homes longer will result in less properties coming onto the housing market as before the Council policy and therefore the demand for new

housing will increase during the plan period. Due to the uncertainty about how this policy will operate no estimated requirement amount resulting from it has been derived.

### Summary

- 5.26. Having accepted the 2011 Principal Population and Household Projections as the starting point for consideration against all the factors outlined above it is, considered that a deviation from the dwelling requirement figure is justified.
- 5.27. This deviation is required due to the recognition of the predictions from the Principal projection being based on a recession and the most recent MYEs for 2014 and 2015 showing a continuing upward trend at a relatively significant rate (the MYE for 2015 showing net-migration at 297 from 174 in 2014. Also the Council’s objectives and initiatives aimed at increasing the number of houses built in Powys are outlined in the above strategies and on this basis the Council has decided to deviate above the 2011 Population & household Principal Projection predicted dwelling number resulting in a DRF of 4500, a 10% increase in units.
- 5.28. A summary of the key considerations from which the dwelling requirement figure has been derived is provided in Table 6 below.

**Table 6 - Summary of Key Considerations for the LDP Dwelling Requirement Figure**

<b>Factors influencing the Requirement</b>	<b>Dwelling number</b>
2011 Population & household Principal Projection	4087
<ul style="list-style-type: none"> <li>• Recognition that the 2011 Principal projection is based on period severely affected by recession</li> <li>• The Council’s corporate strategies that include planning for ageing population; helping to reverse the decline in population predicted in Principal projection by attracting young people; and provide more affordable homes.</li> <li>• Past-completion rates including the most recent for 2015/16 of 315 dwellings signify that 4500 dwellings can be delivered during the plan period.</li> </ul>	4500 in order for the Council to achieve its strategic aims & objectives
<b>Dwelling Requirement Figure</b>	<b>4500</b>

### The Delivery of the LDP Dwelling Requirement of 4500

- 5.29. Technical Advice Note 1 (TAN1) – Joint Housing Land Studies (JHLAS) with its requirement for local planning authorities to demonstrate a five-year land supply when the LDP is adopted means that the dwelling requirement needs to be set at a realistic figure that can be delivered by the house building industry.
- 5.30. The dwelling requirement figure of 4500 equates to 300 dwellings over the entire plan period 2011-2026. It is, recognised, however, that the first few years of the plan period have had annual completions rates below 300 at about 200 dwellings per annum. Consequently the these underperforming years that have not delivered the annual dwelling requirement of 300, and therefore the residual amount needs to be added which results in 348 dwellings per annum needing to be delivered up to 2026.

- 5.31. There are, however, some indications that the housing market in Powys has started to improve since 2014. Most significantly there has been a clear upturn in the number of completions with 315 dwellings recorded for 2015/2016. This is a marked increase from previous years but not unexpected considering the upturn experienced by the Council's Development Management section in the number of pre-application enquiries and planning applications submitted since 2014 resulting in an increased number of new dwellings being granted planning permission. With an adopted LDP containing new housing allocations it is expected that confidence levels amongst landowners and developers will be boosted and market conditions should improve further which will ensure that the dwelling requirement of 4500 is delivered.
- 5.32. The indicators showing that market conditions have improved since 2014 include the following:
- A significant upturn in the number of pre-application enquiries
  - An increase in the number of planning application granted consent for new and replacement residential developments.
  - A significant increase in the number of dwelling completions for 2015/2016 at 315 dwellings compared to previous years (at around 200 dwellings).

#### **Pre-Planning Application Advice Enquiries**

- 5.33. Although records chargeable pre- application advice enquiries (PPAE) for new residential development (including replacement dwellings) only began in July 2014, Table 7 below shows there has been an increase in the number of PPAEs in 2015 compared to 2014.

**Table 7: Numbers of Pre-planning application enquiries between July 2014 – December 2015**

	Date received		
	July - December 2014(6months)	January – June 2015 (6 months)	July - December 2015 (6 months)
Total number of queries Received	110	300	
Number of queries relating to Residential Development *	53	70	70
Average per month	9	12	12

\*Residential development - 1 dwelling + (includes queries re: replacement dwellings).

#### **Increasing number of permissions granted for dwellings between 2011 -2015**

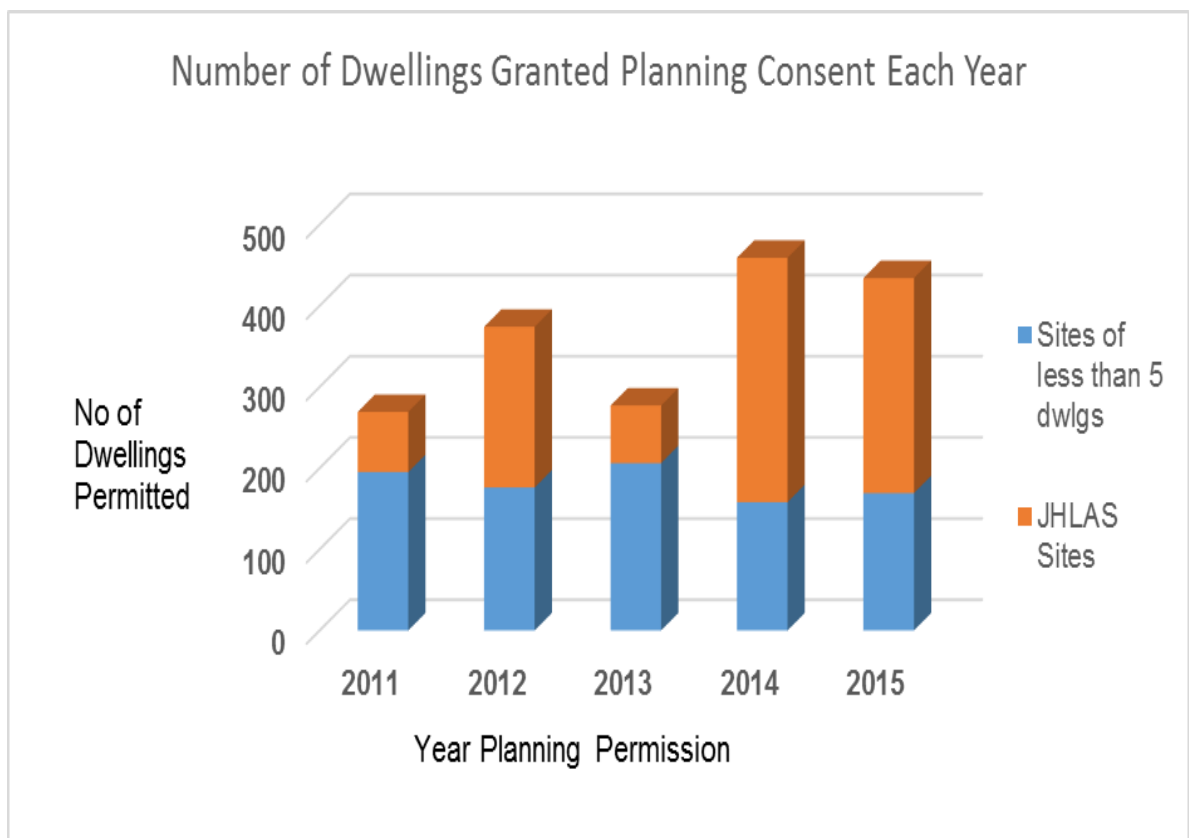
- 5.34. Data was used from two different sources, including the JHLAS (Joint Housing Land Availability studies) used for the larger sites (5 units or more). Whilst for small sites (5 units or less) data was, taken from a small sites monitoring system (this records all planning consents resulting in four or less dwellings).
- 5.35. For both data sources there were a number of instances where more than one application for a dwelling unit was encountered. This may have been outline and reserved matter

applications, or a Section 73 application to vary the time limits conditioned in the original consent.

5.36. The data has been recorded on a yearly basis, however, the small sites monitoring system changed from monitoring 1st January - 31st December to 1st April – 31st March in 2015 (see table 8 below) in order to make it consistent with the JHLAS studies.

**Table 8: Numbers of dwellings granted consent between January 2011 and April 2015 – Sites of less than 5 dwellings and JHLAS sites with 5 and more dwellings**

Year of Permission	Dwellings Permitted		
	Sites of less than 5 dwlgs	JHLAS Sites	Total
2011 (01/01 - 31/12)	195	74	<b>269</b>
2012 (01/01 - 31/12)	176	198	<b>374</b>
2013 (01/01 - 31/12)	206	71	<b>277</b>
2014 (01/01 - 31/12)	158	301	<b>459</b>
2015 (01/04 - 31/03)	169	265	<b>434</b>
<b>Totals:</b>	<b>904</b>	<b>909</b>	<b>1813</b>
2015 (Jan - Apr)	36		



**Fig. 6 Number of dwellings consented between 2011-2015 on sites with less than 5 dwellings and JHLAS sites with (5 and more dwellings)**

- 5.37. The chart (Fig. 6) above shows the number of dwellings given consent each year for five years. The data is divided between those dwelling units recorded through the JHLAS studies and those recorded through the small sites monitoring system.
- 5.38. It can be seen that in the first three years of the LDP period the dwellings being permitted on small sites made up a large proportion of the total number of dwellings permitted. However, 2014 and 2015 have seen an increase in the number of units being granted permission on JHLAS sites. The increase in the proportion of dwelling units on larger sites being permitted correlates as would be expected to an overall increase in the total number of units being permitted each year.

### **Increasing numbers of dwelling completions**

- 5.39. The increased activity in the housing market which has been evident since 2014 has resulted in a pick-up in the number of dwelling completions in the last 12 months with a preliminary figure of 315 completions in 2015/2016 (to be confirmed by the 2015/16 JHLAS). This number of completions indicates that the house building industry has the capacity to deliver the annual dwelling requirement of 348 which includes the additional residual amount of 48 dwelling per year resulting from the underperformance of the first 4 years of the plan period (2011 to 2014/15), when annual completions were around 200.
- 5.40. Although completion rates for new build dwellings are affected by land supply and may have been constrained by housing allocation constraints in the existing UDP, it is worthwhile looking at past annual build rates to be able to gauge the capability of the construction industry to deliver the houses that will meet the annual housing requirement figure.
- 5.41. Table 9 below shows annual completions for the Powys LDP area according to records from JHLAS studies from April 2004 to April 2014. The annual housing completion rates for the last 11 years in Powys shown in the table clearly illustrates the impact that the recession had on the numbers of dwellings being completed after 2008. Completions fell from a peak in the years 2005/06 and 2006/07 of 425 to a low of 98 in 2011/12 with annual completions in the last 4 years being at about 200 dwellings.

**Table 9: Past Completions 1 April 2004 to 1 April 2014 (source: JHLAS)**

Year	Small Site Completions (Sites of 1-4 Dwellings)	Large Site Completions (Sites of 5+ Dwellings)	Total Completions
2004/05	126	294	420
2005/06	131	294	425
2006/07	131	294	425
2007/08	126	240	366
2008/09	57	102	159
2009/10	121	132	253
2010/11	83	156	239

2011/12	83	15	98
2012/13	76	147	223
2013/14	61	123	184
2014/15	54	147	201
*2015/16			*315
Total	995	1797	2993
Average Annual Completions (11 years)	99	180	272

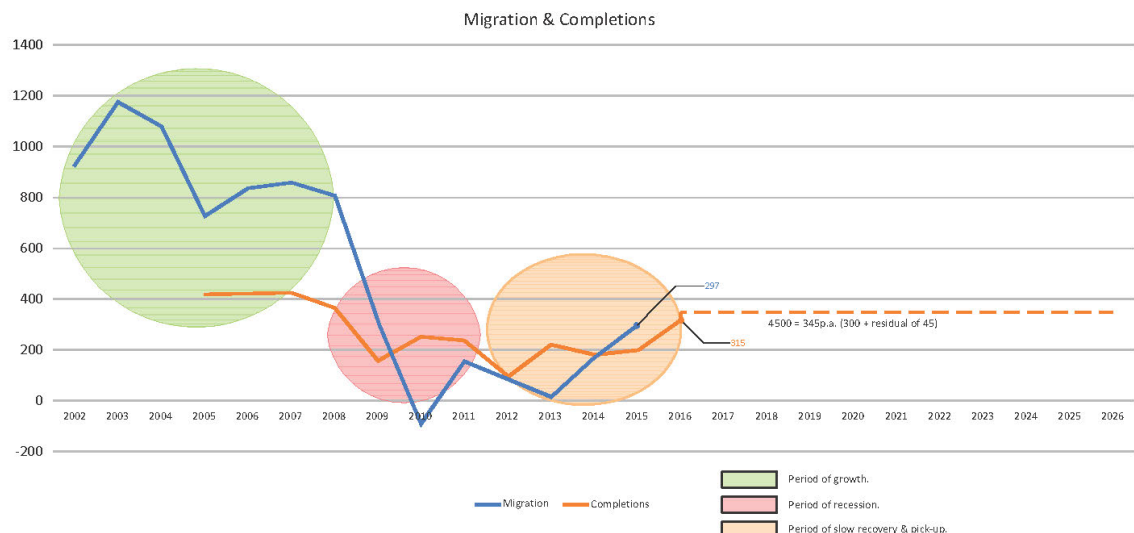
\*315 completions to be confirmed in the Joint Housing Land Availability Study (JHLAS) for 2015/16

**Table 10: Average Annual completion rates using JHLAS information – longer term trends**

2004/05-2009/10 (5 years)	2010/11-2014 /15(5 years)	2005 to 2015 Average (11 years)
325	189	272

5.42. The Council recognises that the number of completions in the most recent years of the 11 years have been relatively low with average rate of 189 for the last 5 years (NB This figure does not include the latest preliminary completion figure 2015/2016 which is yet to be conformed in JHLAS). This contrasts to the completion rates in the years that led up to the recession when dwelling numbers were over 400. The average annual build rate for the 11-year period was 272 dwellings. Although the preliminary figure for dwelling completions in 2015/12016 is 315, it is considered that completion rates are unlikely to reach 400+ during the plan period as the economy is not forecast to return to what it was in the years leading up to the start of the recession in 2008.

**Fig 7 – Periods of Migration and Completions**



5.43. There are a number of factors that should see numbers of annual completions continue to rise over the LDP period including the following:



- The economy steadily improving with there being definite signs of a 'pick-up' in Powys since 2014.
- An adopted LDP including fresh housing allocations should help boost confidence amongst landowners and developers and see more sites coming forward.
- House prices increasing in other parts of the UK including neighbouring Shropshire, the west Midlands and Swansea but prices in Powys itself having remained largely static which may result in more people moving to the County including early retirees who now have the ability to access their pensions pots earlier.
- Due partly to the economic downturn and lack of borrowing/credit available there has been a delay of young people either buying or renting their own house resulting in a pent up demand. However, this 'pent-up' demand is beginning to be released with improving credit conditions and government initiatives to help people purchase their own home including Help to Buy ISA schemes to help people save for the deposit; shared equity schemes and parents better able to help their children buy their own home due to reasons such as it being made easier for people to access their pension pots earlier.
- Registered Social Landlords (RSLs) are becoming more active in building low cost market houses.
- The Council's programme to build more affordable houses with funding from such sources as Social Housing Grant

## 6. Conclusion

- 6.1. The starting year of the Powys LDP period of 2011 and the years up to 2014 has coincided with a period when the economy has been in slow recovery from a deep economic downturn. In this period the levels of net migration and dwelling completions were low when compared to the years preceding the recession that experienced high levels of growth, a level unlikely to be reached again during the plan period.
- 6.2. The graph in Fig. 7 shows the three periods with contrasting economic conditions that have been identified since 2002 including a period of high growth and a deep recession. Although the immediate aftermath of the recession has seen only a slow rate of growth. However, there have been recent signs of confidence returning to the housing market in Powys. The Council considers that the 'pick-up' in the market since 2014 confirms that the deviation above the Principal projection (4087) of the dwelling requirement figure to 4500 is a reasonable one to take forward in the LDP. This is having taken into account all the factors discussed in this paper including the Council's objectives in its various corporate strategies as well as the need trends in the delivery of the dwellings.
- 6.3. It is considered that the dwelling requirement figure of 4500 will allow the aims and objectives contained within the Council's various corporate strategies to be achieved, as well as the Council's socio-economic aspirations set out under the Plan's Strategy, LDP Objective 1 and Strategic Policies SP1 (Housing Growth, FFCs), H1 (Housing Provision), H4 (Affordable Housing Provision) and E1 (Employment Requirements).