Planning Pembrokeshire's Future
Local Development Plan
Cynllun Datblygu Lleol
Cynllunio Dyfodol Sir Benfro

Housing Requirement Background Paper

2023

Contents

Abbreviations

AMR	Annual Monitoring Report
JUDP	Joint Unitary Development Plan for Pembrokeshire 2000-2016
LDP / LDP (2)	Local Development Plan / Local Development Plan (2)
LPA	Local Planning Authority
SPG	Supplementary Planning Guidance
TAN	Technical Advice Note
LHMA	Local Housing Market Assessment
PCNPA	Pembrokeshire Coast National Park Authority
PCC	Pembrokeshire County Council
WG	Welsh Government

Glossary of Terms

Adopted	The Local Development Plan is adopted when the Authority's Council Meeting decides it will be the Development Plan for the County and replace the existing Development Plan.
Affordable Housing	Residential development for sale or rent below market prices and retained as affordable in perpetuity
Affordable Housing Allocation	Land allocated for affordable housing either low cost home ownership or to rent.
Availability and Deliverability of Land	Available land includes a landowner willing to develop or sell for development. Deliverability relates to the economic viability of bringing a site forward
Countryside	Land outside of settlements identified within the Settlement Hierarchy
Deposit Plan	A full draft of the Plan which is available for public consultation during the Deposit Period.
Housing Allocation	Residential development sites for a minimum of 5 units and shown within the Development Plan
Infrastructure	Infrastructure encompasses power supplies, water supply, means of sewage or surface water disposal, roads and other transportation networks, telecommunications and facilities that are required as a framework for development.
Joint Unitary Development Plan (JUDP)	The previous Development Plan for Pembrokeshire. The Plan that was in place until 2013 when the Local Development Plan was adopted.
Market Housing	Housing for sale at market prices (can include self-build or custom build housing).
Settlement Hierarchy	Settlements are classified within the hierarchy according to the population and level of services within the settlement.

	Some very small settlements with very limited or no services will fall outside the hierarchy and are defined as countryside.
Windfall	Windfall sites are sites not included as allocations within a Development Plan, but which subsequently become available for housing development. They are sites not formally identified in the development plan. Whilst windfalls are not planned, they are an expected type of development which contribute towards an Authority's overall housing provision.

Introduction

Local Development Plan Review

i. Pembrokeshire County Council is preparing a replacement Local Development Plan (LDP) – **Local Development Plan 2**. When adopted, it will provide a revised and updated policy framework to guide development in Pembrokeshire outside of the National Park and inform planning decisions taken by the County Council. During the **Review,** the existing Local Development Plan (adopted 2013) will remain in place until Local Development Plan 2 (LDP 2) is adopted.

Housing Requirement Background Paper

ii. This Housing Requirement Background Paper has been produced in 2023 to reflect updated evidence and inform an updated housing requirement for the Re-Deposit LDP 2. The paper incorporates the latest available evidence relating to demographic forecasting from Edge Analytics[1] on the latest Welsh Government 2018 based Household Projections, alongside information on the Local Housing Market Assessment (2022) and the Well-Being Plan for Pembrokeshire 2023-2028. This is considered alongside other key evidence on the plans' objectives, Welsh language considerations and information and statistics on the housing market in Pembrokeshire to ensure deliverability.

Future Wales (Development Plan for Wales)

iii. Future Wales (FW) – The National Plan 2040 (FW) is the Welsh Government's national development plan and was adopted 24 February 2021. It provides the spatial context for facilitating the delivery of development in Wales over the next 20 years up to 2040. FW replaces the Wales Spatial Plan, however, FW has development plan status forming the national tier of the development plan hierarchy, with Pembrokeshire's LDP 2 required to be in 'conformity' with the strategy and policies of FW. FW and LDP 2 (once adopted) will have primary in making planning decisions in Pembrokeshire County Council's (PCC's) area of planning jurisdiction.

iv. Future Wales focuses on national and regional spatial issues and also contains policies. The spatial strategy in FW identifies four regions within Wales, with Pembrokeshire forming part of the south west region. Within the south west region, Policy 28 identifies Swansea Bay and Llanelli as the 'national growth area' which will be the main focus for strategic growth and investment in the region. Policy 29 identifies 'Regional growth areas' as Carmarthen and the following four Pembrokeshire Haven Towns:

- Haverfordwest;
- Milford Haven;
- Pembroke; and
- Pembroke Dock.

[1] Pembrokeshire Updating the LDP Demographic Evidence, December 2020, Edge Analytics

Policy 10 identifies the Haven Waterway (including the Ports of Pembroke Dock and Milford Haven) and Fishguard Port as 'strategic gateways to facilitate international connectivity'. Policy 32 specifically relates to the Haven Waterway and states "the Welsh Government supports operations at Haven Waterway, and recognises its location for potential new renewable and low carbon energy related development, innovation and investment'.

Regional strategic diagram

v. Policy 29 of FW entitled "Regional Growth Areas – Carmarthen and the Haven Towns" sets out the policy framework for future growth in regional growth areas. The policy "supports sustainable growth and regeneration in Carmarthen and the Pembrokeshire Haven Towns. **These areas will be a focus for managed growth,** reflecting their important sub-regional functions and strong links to the national growth areas of Swansea Bay and Llanelli. Strategic and Local Development Plans should recognise the roles of these places as a focus for housing, employment, tourism, public transport and key services within their wider areas and **support their continued function as focal points for sub-regional growth."** LDP 2 should therefore, enable growth in the identified regional growth towns of Haverfordwest, Milford Haven, Pembroke and Pembroke Dock to support their own population and the communities around them. LDP 2 is required to adopt a managed growth approach that allows their roles to be enhanced.

vi. Policy 1 "Where Wales will grow" states that regional growth areas "should retain and enhance the commercial and public services that make them focal points in their areas". Policy 1 states that "development and growth in towns and villages in rural areas should be of an appropriate scale and support local aspirations and need."

vii. FW states a key priority for the WG is the provision of housing. Policy 7 'Delivering Affordable Homes' sets out the policy framework for delivering housing, concentrating on the delivery of affordable homes. The policy states that over the next 20 years (2019-2019) the estimate of additional housing need in Wales is around 110,000 with just over a fifth, approximately 25,600 of these homes required in south west Wales. Over the initial five years (2019-20 to 2023-24) 44% of the additional homes needed should be affordable homes.

National Planning Policy

viii. Planning Policy Wales 11 (February 2021) states that the planning system should identify a supply of land to support the delivery of the housing requirement to meet the differing needs of communities across all tenures.

ix. It goes on to state that:
"The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans. These should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify an appropriate strategy for the delivery of housing in the plan area. Appropriate consideration must also be given to the wider social, economic, environmental and cultural factors in a plan area in order to ensure the creation of sustainable places and cohesive communities." (paragraph 4.2.6).

Requirements for preparing a Local Development Plan

x. As part of its 'de-risking' check list Local Development Manual Edition 3 suggests the following considerations:

✓ *Plan for realistic housing and economic growth levels based on a robust consideration of need and supply factors, taking into account affordable housing need, viability and deliverability.*

✓ *Include an appropriate level of flexibility within the housing and job provision to allow for unforeseen circumstances.*

xi. The Manual notes that the Housing supply is the total housing provision set out in the plan, comprising the housing requirement plus a flexibility allowance. It notes that "*The level of flexibility will be for each LPA to determine based on local issues; the starting point for such considerations could be 10% flexibility with any variation robustly evidenced. The policy framework in the plan should be clear regarding the housing requirement, provision and flexibility allowance*." (paragraph 5.59).

Format of report

xii. Section 1 of this report sets out the Housing Requirement identified in the Preferred Strategy and the rationale for this. The Preferred Strategy was consulted upon between 17 December 2018 and 4 February 2019 and was based on the latest 2014-based Welsh Government's Household Projections. Since the Preferred Strategy was prepared, the Welsh Government has published Future Wales: The National Plan 2040 and updated Planning Policy Wales (edition 11). The Preferred Strategy is considered to be in conformity with the Future Wales and PPW.

xiii. Section 2 sets out the Deposit 1 Housing Requirement that was consulted upon from 15 January to 18 March 2020. However, due to Covid-19 and the publication of guidance on phosphates in Riverine Special Areas of Conservation, the Council will be consulting on a revised Deposit Plan in early 2024.

xiv. Section 3 highlights contextual information and updated evidence since the Preferred Strategy was prepared. The section sets out: the Council's Covid-19 Impact Assessment, impact of Natural Resources Wales' Phosphate Guidance, the Council's Carbon Neutral Action Plan, the Local Housing Market Assessment 2022 and information from the Council's housing completions monitoring 2023.

xv. Section 4 sets out the analysis of the WG-2018 Based Household Projections for Pembrokeshire.

xvi. Section 5 provides an overview and conclusion, including the presentation of the Growth Option for the Re-Deposit LDP 2.

Section 1: LDP 2 Preferred Strategy Housing Requirement

SP 2 Housing Requirement

Provision is made for approximately 7,820 dwellings in the Plan period, to enable delivery of 6,800 dwellings (425 per year).

Linked Key Issues: Living and Working

This strategic policy will contribute towards achieving objectives: D

1. The LDP 2 Preferred Strategy was consulted upon between 17 December 2018 and 4 February 2019. The Preferred Strategy contained Policy SP 2 Housing Requirement, which set out a requirement for 6,800 dwellings over the Plan period (2017-2033) (425 per year). The plan would make provision for 7,820 dwellings which equates to a 15% flexibility allowance to account for any non-delivery or unforeseen circumstances.

2. The housing requirement in the Preferred Strategy was based on demographic analysis and consultation with stakeholders on a range of options. The authority commissioned Edge Analytics to consider a range of demographic scenarios based on the Welsh Government's 2014 based population and household projections, and rebased on the 2016 mid-year estimates.

3. Edge Analytics developed a range of possible growth scenarios based on the demographic analysis of the 2014-based Household Projections to inform LDP 2 in two reports; Pembrokeshire Demographic Forecasts, July 2018 and Additional Scenario Analysis, December 2018. The Edge reports presented the 2014 Principal projection and three demographic scenarios based on variant migration histories and assumptions, including a net nil migration scenario. Three dwelling-led scenarios were also presented in July 2018 report. An additional scenario analysis was presented as an addendum to the July 2018 report (December 2018) which considered two additional forecasts; a dwelling-led scenario and an employment-led scenario. All the scenarios are summarised in the table below:

Scenario	Annual Net migration	Housing Requirement over 16 year period	Average dwelling requirement
WG 2014 (rebased) Principal WG 2014 based population for Pembrokeshire, rebased to the latest 2016 Mid Year Estimate.	386	3,132	196 dpa

PG 10 year Demographic trend scenario using migration assumptions from a 10 year 2006/07-2015/16 migration history.	626	5,445	340 dpa
PG Long Term Demographic trend scenario using migration assumptions from a 15 year 2001/02-2015/16 migration history.	767	6,529	408 dpa
Net Nil Demographic trend scenario using migration in and out are balance resulting in zero net migration.	0	93	6 dpa
Dwelling-led (LDP 1 target) Dwelling-led scenario using the annual dwelling requirement from the adopted LDP 1 of 572 dwellings per annum.	1,099	9,152	572 dpa
Dwelling-led (5 year average) Dwelling-led scenario using the annual dwelling completions of 443 per year based on completions between 2012 and 2017.	842	7,085	443 dpa
Dwelling-led (10 year average) Dwelling-led scenario using the annual dwelling completions of 416 per year based on completions between 2007-2017.	789	6,658	416 dpa
Dwelling-led (425 dpa) Dwelling-led scenario using the annual dwelling completions of 416 per year.	807	6,800	425 dpa
Employment-led Employment trend scenario using an annual employment growth target from the Experian (Sept 2018) economic forecasts. The link between employment growth and population change is estimated using three key economic assumptions; economic activity rates, commuting ration and unemployment rate.	330	3,056	191 dpa

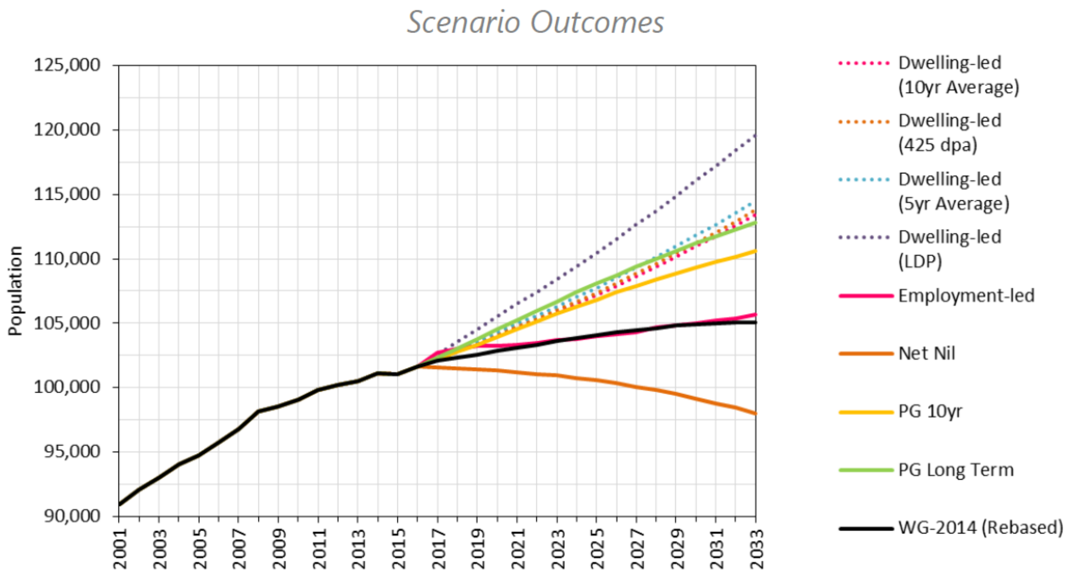


Figure 1: Pembrokeshire-Out population growth outcomes 2001–2033

4. Of the demographic scenarios, the PG Long Term scenario estimates the highest population growth rate over the plan period, capturing a larger net migration flow. The net nil scenario highlights the importance of migration in supporting population growth in Pembrokeshire. The dwelling-led scenarios forecast a range of scenarios, with the 5 year average and 10 year average projecting forward past completion rates. The dwelling-led scenario of the LDP 1 target is the highest of the dwelling-led scenarios based on the delivery of 572 dwellings per annum and whilst this level of growth has been achieved over a 5 year period (2003/04-2007/08 and 2004/05 – 2008/09), it has not been sustained over a 10 year period in Pembrokeshire. The Employment-led scenario forecasts a lower dwelling growth rate, similar to that estimated under the WG 2014 (rebased) scenario. Since the Employment-led scenario was considered, there has been significant impacts on the economy such as the Covid-19 pandemic and Brexit and the Celtic Freeport designation also needs to be considered.

5. **Key trends in the 2014-based Household Projections**

The paper and addendum prepared by Edge Analytics highlights a number of demographic trends in the 2014 based projections:

- Household growth in the WG 2014 based projections is notably lower than the 2008 based projections, driven by lower population growth household formation.
- Population growth in Pembrokeshire is largely derived by net migration into the area.
- Natural change is driven by a fall in births and a rise in deaths, reflective of the naturally ageing population.

- Substantial growth projected in 60+ age groups in all scenarios. The population aged 65+ is estimated to increase by +7,688 (32%) over the 2017-2033 period.
- Under all scenarios there is a projected decline in population aged 50-59.
- Estimated decline in 25-29 age groups, due to out-migration linked to housing and employment opportunities.
- The 0-15 age group is estimated to decline by -442 (2%).
- The greatest increase is expected in 1 person and 2 person (no children) categories.
- Average household size is projected to decrease from 2.25 to 2.16.
- An 8.1% dwelling vacancy rate for Pembrokeshire was applied (from 2011 Census).

The Edge Analytics Report forecasts the population age structure under all the scenarios (pages 19-20 and addendum page 5). Under the WG 2014 (rebased) scenario there is a projected decrease in the 0-35 and 45-59 age groups, with a projected increase in 35-44 and 60+ age groups. Under the dwelling-led scenarios with a high growth level, there is a larger growth estimated in the 0-24 and 30-39 age groups reflecting the larger net in-migration to the area required to meet the defined annual housing growth. The population change forecast for the employment-led scenario, estimates decline in 0-34 age groups and lower growth in the 35-44 age groups. Each of the dwelling-led and PG trend scenarios could support higher employment growth than that predicted under the Employment-led scenario. The scenarios show that higher levels of growth help to attract younger age groups and re-balance the age structure of the future population.

The Preferred Growth Option

6. The Preferred Growth Option was influenced by a combination of the following three options:
   - **PG Long Term** projection which is a demographic scenario which includes migration assumptions based on the last 15 years of migration history from 2001/02 – 2015/16. Basing growth on the past 15 years migration trends, means that a period pre-recession is included in the figures and that recent 'blips' in population movements associated with for example, the closure of a large employer in 2014 (the Milford Haven Refinery) are averaged out" (Preferred Strategy, paragraph 5.3). This scenario results in a requirement for 408 dwellings per annum.
   - **Dwelling-led (5 year average)** scenario of 443 dwellings over the 5 year period 2012 to 2017
   - **Dwelling-led (10 year average)** scenario of 416 dwellings over the 10 year period 2007 to 2017.

   The mean average of the three scenarios is 422 dwellings per year which formed the preferred growth option of delivering 425 dwellings per year.

7. The Preferred Strategy figure was a higher requirement than the Welsh Government 2014 (rebased projections). It was identified following consideration of the average build rates in Pembrokeshire over the previous 5 and 10 years. Stakeholders supported the higher figure on the basis that:

- It is deliverable (in line with historic build rates).
- It reflects longer term migration trends, which is appropriate given the closure of a major employer in Pembrokeshire in 2014 (which will have impacted on the 5 year migration figures).
- It will assist in meeting the significant backlog of affordable housing need and will make a greater contribution than a growth option based only on WG projections.
- It will support the local building industry and wider economy and will make a greater contribution than a growth option based only on WG projections.
- It will deliver a more balanced population profile than that projected with lower growth levels.
- It scores more positively than higher levels of growth in terms of the Sustainability Appraisal as it provides more opportunities for protecting soil quality, minimising pollution and protecting water quality.

Section 2: Deposit Plan 1 Housing Requirement

8. The Deposit Plan 1 was consulted upon from January to March 2020. Policy SP 2 Housing Requirement set out that the preferred growth option was to deliver 6,800 dwellings (425 dpa), which was the same as the Preferred Strategy's Housing Requirement. Provision was made for 7,480 dwellings which is a 10% flexibility in order to deliver the housing requirement.

9. The Welsh Government raised an objection (Category B) to level of Growth identified in the Deposit 1 Plan – "*The authority needs to explain why they are proposing growth significantly above the projections, the reliance and continuation of net in-migration and the relationship to economic growth levels. Evidence needs to demonstrate where in-migration will be derived from, i.e. neighbouring counties, elsewhere in Wales, the UK, or international migration taking into account the likely effect of UK immigration policy."* They added:

Category B – "The plan seeks to deliver a requirement 6,800 homes and 2,200 new jobs over the 16 year plan period, with a housing provision for 7,480 dwellings. The authority commissioned Edge Analytics to consider a range of demographic scenarios based on the Welsh Government's 2014 based population and household projections (and rebased on the 2016 mid-year estimates) dwelling-led scenarios and an employment-led forecast. <u>The authority should reconsider these scenarios in light of the 2018 based population and household projections and the declaration of the climate emergency"</u>

10. Following publication of the Deposit Plan, the preparation timescale was delayed, initially due to the Covid-19 pandemic and in January 2021, new

guidance on phosphate levels for Riverine (non-tidal) Special Areas of Conservation (Riverine SACs) was published which had implications on the delivery of some potential development sites in the affected areas that were included in the Deposit 1 plan. It was agreed at Full Council on 9 December 2021 that the authority would repeat the Deposit stage of the Plan process, but based on a revised Plan, taking account of the phosphates issue and also other important matters, including Brexit, the Covid-19 pandemic and the publication of FW and PPW edition 11. There is an elaboration of these matters in the section that follows.

Section 3: Contextual Information Post-Preferred Strategy and Deposit Plan 1.

11. Since the Preferred Strategy was published in December 2018 and Deposit 1 consultation in January 2020 a range of events have taken place, which mean that it is necessary to re-assess whether or not the LDP 2 Housing Requirement remains the most appropriate and deliverable. These events include the Covid-19 pandemic, Brexit and publication of the Natural Resources Wales phosphates guidance. New evidence has been published which also needs to be assessed and taken into account; the latest Welsh Government (WG) 2018-Household Projections, the 2021 Census results, the 2022 Local Housing Market Assessment and the results from the authority's annual housing surveys.

Covid 19 Impact Assessment

12. Extract from Authority's Covid-19 Impact Assessment (October 2020): "The overall level of housing growth will be re-assessed in light of emerging evidence. Feedback from the Council's developer survey for 2020 indicated that whilst local developer's had had short term difficulties in accessing materials during Spring/Summer 2020, the majority of those surveyed did not consider that the pandemic was likely to impact on their short or medium term plans in terms of developing sites. Early evidence of house market sales has shown a rise in sales of properties in rural areas, but it is unclear whether job losses in conjunction with a recession will mean a longer term less buoyant housing market. It is also possible that changing market conditions will affect the viability of development sites; if build costs or land values and house prices vary. The Authority will update its Housing Availability report this year, and will also re-work its Viability evidence. The site proponents for large allocations have been asked to provide detailed Viability Appraisals for their sites to inform this work. The Plan's policies and monitoring framework also provide flexibility in relation to viability changes."

13. "The Authority will re-consider both a revised Local Housing Market Assessment and Demographic data, including updates based on 2018-based population projections when assessing its housing strategy. Information from

site proponents will inform an updated Housing Trajectory. In the longer term, it is possible that increases in job losses may exacerbate the already significant need for affordable housing in Pembrokeshire, however the Plan's strategy is already predicated on maximising delivery of affordable housing in the context of what is viable."

Climate Emergency

14. In 2019 both the Welsh Government and Pembrokeshire County Council voted to declare a Climate Emergency. In December 2019 Pembrokeshire County Council published an Action Plan to become net zero carbon by 2030. That document is available here: https://mgenglish.pembrokeshire.gov.uk/documents/s59082/13.1%2020201113%20Final%20PCC%20-%20Net%20Zero%20-%20Action%20Plan%20v1.10.pdf

15. The Action Plan is focused on the specific actions that PCC can take in relation to its land holdings and the way it operates. It does recognise however in Appendix 3 that there are a number of potentially wider actions that the Authority can take that contribute towards addressing the climate emergency and the role of the LDP is identified within this.

16. Whilst the overall number of houses identified within the LDP Housing Requirement clearly has an impact on Climate Change with greater numbers of dwellings potentially leading to increases in carbon emissions, the Spatial Strategy is also critical – by directing growth to sustainable locations the need for travel is potentially reduced, with reduced levels of carbon produced. Other policies such as energy-efficient design and directing development away from areas at future flood risk as a result of climate change are also critical to ensuring the Plan appropriately responds to the Climate Emergency. Reducing the housing requirement to a lower level than that identified in the Deposit Plan in January 2020 could result in reduced carbon emissions, however, the social and economic benefits of housing should also be considered as demonstrated by the Council's Sustainability Appraisal. The Plan's spatial strategy, including its promotion of a Sustainable Settlement Hierarchy is an important element of achieving sustainable forms of development.

Natural Resources Wales Phosphates Guidance for Riverine Special Areas of Conservation 2021 (with subsequent revisions)

17. The publication of new guidance on phosphates in Riverine Special Areas of Conservation in Wales by Natural Resources Wales in January 2021 affects the Afon Cleddau and Afon Teifi in Pembrokeshire. New development proposals in the affected areas have to demonstrate nutrient neutrality to pass the Habitats Regulations Assessment requirements and this is proving difficult to achieve, leading to a number of development proposals within the affected areas being refused planning permission and requiring the Council to re-consider which sites

it is able to allocate for residential and some other types of development in LDP 2. The current failure of the two SAC Rivers (Cleddau and Teifi) to meet phosphate targets reflects significant environmental challenges. While curtailing development in affected areas may prevent further worsening of the phosphate pollution situation, this is also now having both social and economic negative impacts, for instance by preventing new affordable housing schemes in affected areas. In terms of the source apportionment work, the outcomes are that the dominant reason for phosphate pollution in the Teifi catchment is failing drainage infrastructure, while in the Cleddau catchment it is rural land use (the main component of which is agricultural run-off).

18. Nutrient Management Boards have been established for the Cleddau and Teifi Rivers (and also for the Tywi in neighbouring Carmarthenshire) these three Boards are working jointly under a common manager on the preparation of Nutrient Management Plans. There are many nutrient-related work streams in west Wales but the problems to be resolved are difficult and satisfactory solutions that achieve nutrient neutrality and allow much needed new development to come forward will take some time to come forward. Where the problem is related to failing drainage infrastructure, Dwr Cymru Welsh Water has announced additional investment to support phosphate treatments, with further announcements anticipated later this year. However, there are many phosphate pollution affected areas in Pembrokeshire where failing drainage infrastructure is not the main source of the problem and where other solutions will need to be found. Another aspect of this is the review of Environmental Permits by NRW, which will include updating of permits at Wastewater Treatment Works (WwTWs) already with phosphate stripping fitted and the introduction of completely new permits at other WwTWs.

19. Notwithstanding the above comments, it is hoped that investment by DCWW will enable some of the currently constrained settlements within the Riverine SACs in Pembrokeshire to be receive allocations in the LDP 2nd Deposit Plan, but the constraint remains significant for parts of Pembrokeshire and is likely to lower the overall delivery of housing within the constrained parts of Pembrokeshire during the lifetime of LDP 2. Information based on historic monitoring suggests that the number of windfall homes that might be affected could be as high as 180 dwellings, this is in addition to the constrained Deposit 1 sites totalling 400 dwellings that are dependent on phosphate stripping being added to Waste Water Works, or new or revised Environmental Permits that may allow development to progress.

20. The following housing sites from Deposit 1 are likely to be de-allocated due to phosphates:

Site Reference	**Site Name**	**Settlement / Growth Zone**	**Number of units**	**Notes**

HSG/088/00078	North of Highfield Park and Parc Roberts	Narberth	143	Awaiting further information from NRW on where the tidal limit is situated in relation to the WWTW discharge point.
HSG/020/LDP2/1	Land at Tan Ffynnon Fields	Cilgerran	50	De-allocated due to phosphates.
HSG/001/LDP2/01	North West of St. John’s Church	Abercych	11	Site de-allocated due to its change in position in the settlement hierarchy and is now a local village. Also phosphate affected.
HSG/022/LDP2/1	Land at Dungleddy Court	Clarbeston Road	17	De-allocated due to phosphates.
HSG/049/LDP2/1	West of Brookfield Close – northern parcel	Keeston	23	De-allocated due to phosphates.
HSG/057/LDP/01	Adjacent to Glan Preseli	Llanddewi Velfrey	10	De-allocated due to phosphates.
			254 units	

21. Dwr Cymru Welsh Water have committed to upgrades to Waste Water Treatment Works in the following settlements by 2025; Spittal (in AMP 7), Letterston and Wolfscastle. Sites in these locations could potentially remain in the Re-Deposit 2 Plan with appropriate phasing requirements and / or Grampian conditions.

22. The NRW permit review for the Clunderwen WwTW has been completed and the outcome is a tighter permit in relation to phosphates, but not being introduced until 2030. PCC understands that the level of growth anticipated by the Deposit 1 plan for Clunderwen and Llandissilio (which is served by the same works) will be able to go ahead. The permit review at Maenclochog permits some headroom for further residential development which facilitates development in LDP 2.

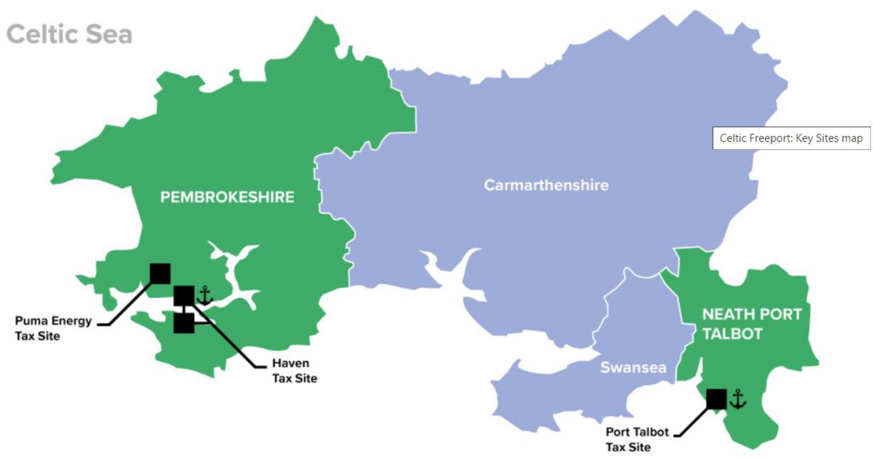
23. This constraint must be considered as likely to have a significant impact on the overall growth delivery possible within LDP 2.

Celtic Freeport

24. In March 2023 it was announced that The Celtic Freeport bid which was submitted by the Associated British Ports, Neath Port Talbot County Borough Council and Pembrokeshire County Council was successful. The Celtic Freeport will deliver an accelerated pathway for Wales’ net zero economy, with the

expectation being the creation of over 16,000 new, green jobs and up to £5.5 billion of new investment by 2050. Celtic Freeport covers the two seaports at Milford Haven and Port Talbot and will focus on the development of clean energy. "The Celtic Freeport will accelerate significant inward investment in new manufacturing facilities to support the roll-out of floating offshore wind (FLOW) within the Celtic Sea, while providing the backbone for a cleaner future based on the hydrogen economy, sustainable fuels, carbon capture, cleaner steel and low-carbon logistics."[2]

25. The key sites for Celtic Freeport are shown on the map below. The key sites in Pembrokeshire are existing employment sites in Milford Haven and Pembroke Dock, which are identified as Regional Growth Areas in Future Wales. That fits with the LDP's spatial strategy, which is to direct the majority (60%) of new residential development to urban areas and to focus new employment growth in the same general areas.



Census 2021

26. The table below shows the population change between the 2011 and 2021 Census. Pembrokeshire's population grew by 0.78% over that period, close to the median average for Welsh authorities. The all-Wales population growth was 1.44%, with this growth driven by larger towns / cities, with the highest level of growth recorded in Newport at 9.51%. Rural counties and counties with higher levels of deprivation lost population or had comparatively low growth rates.

Comparison of 2011 Census and 2021 Census totals. Usual resident population

[2] Milford Haven Port Authority https://www.mhpa.co.uk/latest-news-and-blog/ten-big-benefits-of-a-successful-celtic-freeport-bid/

Council	2011 Census	2021 Census	Percent: 2011-2021 Census Growth	Rank: Percent: 2011 to 2021 Census Growth
Blaenau Gwent	69814	66900	-4.17%	21
Bridgend	139178	145500	4.54%	3
Caerphilly	178806	175900	-1.63%	19
Cardiff	346090	362400	4.71%	2
Carmarthenshire	183777	187900	2.24%	5
Ceredigion	75922	71500	-5.82%	22
Conwy	115228	114800	-0.37%	17
Denbighshire	93734	95800	2.20%	6
Flintshire	152506	155000	1.64%	9
Gwynedd	121874	117400	-3.67%	20
Isle of Anglesey	69751	68900	-1.22%	18
Merthyr Tydfil	58802	58800	0.00%	15
Monmouthshire	91323	93000	1.84%	7
Neath Port Talbot	139812	142300	1.78%	8
Newport	145736	159600	9.51%	1
Pembrokeshire	**122439**	**123400**	**0.78%**	**12**
Powys	132976	133200	0.17%	14
Rhondda Cynon Taff	234410	237700	1.40%	10
Swansea	239023	238500	-0.22%	16
Torfaen	91075	92300	1.35%	11
Vale of Glamorgan	126336	131800	4.32%	4
Wrexham	134844	135100	0.19%	13
Wales	**3063456**	**3107700**	**1.44%**	

27. The table below provides a comparison of 2021 Census with 2020 Mid-Year Estimates (MYE):

Council	2020 Mid Year Est	Council Wales share: 2020 MYE	2021 Census	Council Wales Share: 2021 Census	Comparison share 2020 MYE to share 2021 Census	Rank: comparison share 2020 MYE to 2021 Census
Blaenau Gwent	70,020	2.21%	66900	2.15%	-2.55%	21
Bridgend	147,539	4.65%	145500	4.68%	0.58%	7
Caerphilly	181,731	5.73%	175900	5.66%	-1.28%	19
Cardiff	369,202	11.65%	362400	11.66%	0.11%	10
Carmarthenshire	190,073	6.00%	187900	6.05%	0.83%	5
Ceredigion	72,895	2.30%	71500	2.30%	0.04%	11
Conwy	118,184	3.73%	114800	3.69%	-0.93%	18
Denbighshire	96,664	3.05%	95800	3.08%	1.08%	4

Flintshire	156,847	4.95%	155000	4.99%	0.79%	6
Gwynedd	125,171	3.95%	117400	3.78%	-4.34%	22
Isle of Anglesey	70,440	2.22%	68900	2.22%	-0.24%	12
Merthyr Tydfil	60,424	1.91%	58800	1.89%	-0.75%	17
Monmouthshire	95,164	3.00%	93000	2.99%	-0.33%	13
Neath Port Talbot	144,386	4.56%	142300	4.58%	0.52%	8
Newport	156,447	4.94%	159600	5.14%	4.05%	1
Pembrokeshire	**126,751**	**4.00%**	**123400**	**3.97%**	**-0.71%**	**15**
Powys	133,030	4.20%	133200	4.29%	2.12%	2
Rhondda Cynon Taff	241,873	7.63%	237700	7.65%	0.23%	9
Swansea	246,563	7.78%	238500	7.67%	-1.34%	20
Torfaen	94,832	2.99%	92300	2.97%	-0.73%	16
Vale of Glamorgan	135,295	4.27%	131800	4.24%	-0.64%	14
Wrexham	136,055	4.29%	135100	4.35%	1.28%	3
	3,169,586		3,107,700			

28. Some of the main observations when comparing the 2020 Mid-Year Estimates to the 2021 Census:

- The 2020 MYE for Wales as a whole was 2% too high, with the population estimates under the 2021 Census being lower for most Welsh Local Authorities.
- Wales' overall share of the English and Welsh population total based on the 2021 Census is 5.21% a little lower than the 2020 MYE figure of 5.31%.
- Within Wales, the main discrepancies between the two datasets are Newport City and Gywnedd.
- Pembrokeshire's share of the Welsh population has decreased, by 0.7%, a little more than most other Welsh authorities.
- There is a close correlation between the estimated rate of population growth via MYEs 2011 to 2020 and that obtained by comparing the 2011 and 2021 Census. Whilst the MYE has tended to over-estimate population, they have done so reasonably consistently across all councils. Newport and Gwynedd are the outliers.

Age Structure

29. Figures detailing the population for 5 year age bands are rounded to the nearest 100 in the initial 2021 Census figures. The impact of rounding on these figures is greater than for the total population. This analysis focuses on whether the 2021 Census differs to the Mid-Year Estimates. The all Wales figures show that there is close alignment:

- No difference between the 2020 MYE and the 2021 Census for the population under age 20.
- Overestimated the over 65 population by 0.2 percent points.
- Underestimated the younger working age population (20-44) by 0.6 percent points, and

- Overestimated the older working age population by 0.4 percent points.

30. The table below compares Pembrokeshire's age figures under the 2020 MYE and the 2021 Census. There is very little difference between the two sources and they are near identical. The differences are less than for the all-Wales figures. All other local authorities show a larger difference in age structure.

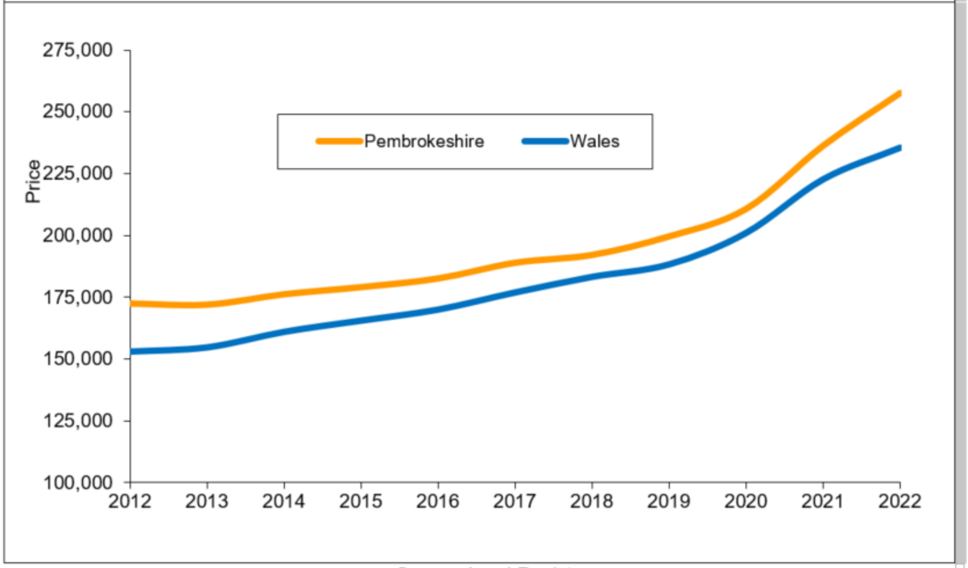
Source	Under 20	20 to 44	44 to 64	65 and over
2020 Mid Year Estimate	20.80%	25.18%	27.86%	26.16%
2021 Census	20.84%	25.26%	27.70%	26.20%

LHMA 2022

31. HDH Planning and Development produced a Local Housing Market Assessment 2022 (LHMA) for Pembrokeshire, covering both Pembrokeshire County Council's planning area and that of the National Park Authority. The LHMA has been prepared in accordance with the Welsh Government's guidance and template published in 2022 for undertaking LHMAs. The LHMA 2022 takes the latest data from the 2021 Census and continues to evidence strong need for affordable housing across Pembrokeshire.

32. The LHMA 2022 shows evidence of a buoyant housing market in Pembrokeshire. Figure 3.10 below as taken from the LHMA shows that house prices have continued to rise steadily in both Pembrokeshire and Wales, however, over the last three years, 2020, 2021 and 2022 the price rises have accelerated. Overall, median prices have risen by 49.5% between 2012 and 2022 in Pembrokeshire and by 54% in Wales. The overall average property price in Pembrokeshire is 9.4% higher than the national figure.

Figure 3.10 Change in overall median price since 2012

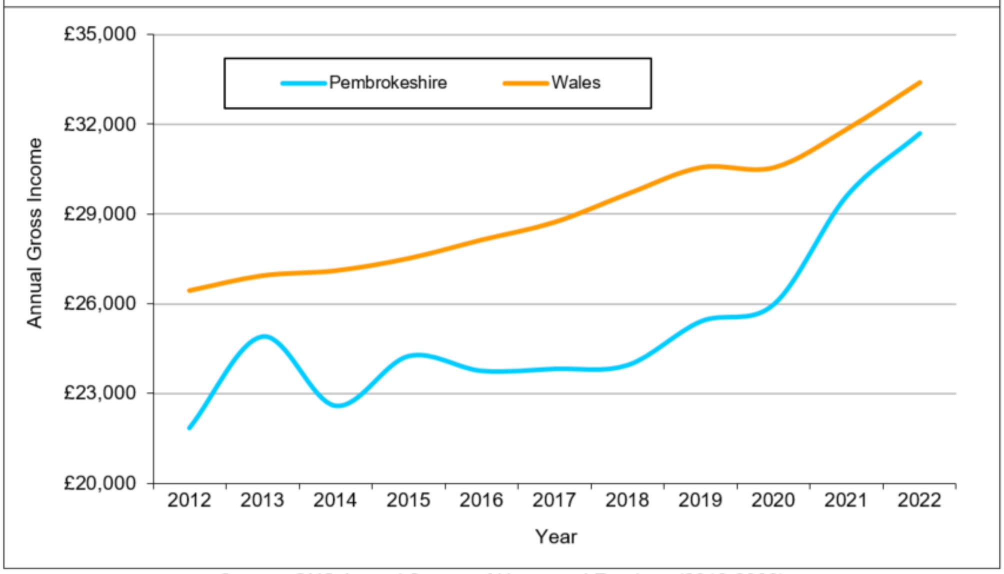


Source: Land Registry

Source: Land Registry data, extract from Pembrokeshire LHMA 2022

33. Figure 3.4 below, taken from the LHMA 2022, shows the change in the ratio of median house prices with median earnings. In 2022, median house prices were 8.13 times higher than median earnings in Pembrokeshire, compared to 7.96 in Wales.

Figure 3.4 Change in median annual income of full-time employed residents 2012-2022

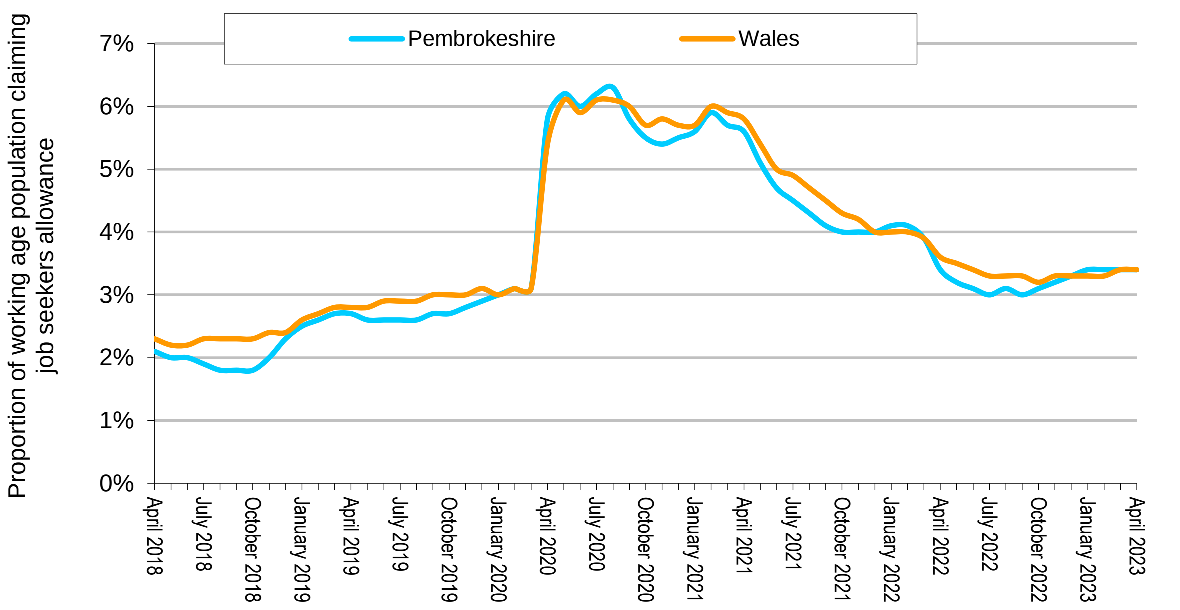


Source: ONS Annual Survey of Hours and Earnings (2012-2022)

34. Pembrokeshire, in common with other parts of Wales saw sharp increases in unemployment following the first lockdown in March 2020. Figure 2.3 below, taken from the LHMA 2022, indicates that the unemployment level in

Pembrokeshire has been very similar to the national level. Currently 3.4% of the working age population in Pembrokeshire are unemployed, the same as the national average. Over the last year, unemployment has decreased in Pembrokeshire by 0.8%, compared with a fall of 4.6% nationally.

Figure 2.3 Level of unemployment (2018-2023)



Source: ONS Claimant Count

35. Evidence from CACI Paycheck[3] estimates that the mean gross annual household income in Pembrokeshire is £40,705, which is 2.5% below the equivalent for Wales (£41,744).

36. The LHMA 2022 tests a range of growth scenarios. The scenarios cover the period 2021 to 2036, so do not follow the LDP plan period, however, the annual figures can be used as a direct comparison.

LHMA Scenario	Average Annual Additional Gross Affordable Housing Need (first 5 years)	Average Annual Additional Net Affordable Housing Need (first 5 years)	Newly Arising Annual Affordable Housing Need (10 year)	Annual Market Housing Need	Total
WG 2018 Principal	1070	475	57	154	1225

[3] CACI is a commercial company that provides household income data.

Projection (202 dpa)					
WG 2018 Higher Variant Projection (269 dpa)	1089	492	76	206	1295
WG 2018 Lower Variant Projection (117 dpa)	1046	453	33	89	1135
LDP Growth Option 485 dpa (425 in PCC and 60 in NPA)	1144	543	131	354	1498
LDP Growth Option 435 dpa (375 in PCC and 60 in NPA)	1130	531	118	317	1448
LDP Growth Option 390 dpa (330 in PCC and 60 in NPA)	1118	519	106	284	1403

37. The LHMA shows a significant variation between existing unmet affordable housing need and newly arising affordable housing need. The current methodology for the LHMA does not apply an affordability test to households on the housing register as to whether some households can afford suitable accommodation in the market sector and assumes all households on the housing register require affordable accommodation. Utilising the WG 2018 Principal Projection, the estimated existing unmet need for Pembrokeshire County Council's area (not including the National Park) is for 912 additional affordable dwellings per annum over the first five years. This is influenced by the high number currently on the housing register. The estimated newly arising affordable housing need is 49 dwellings per annum. The annual market requirement is 133 dwellings per annum which is almost evenly split between owner occupied and private rented sector. The affordable housing need is split approximately 77% social rented sector and 33% intermediate rent and Low Cost Home Ownership.

38. The LHMA estimated a range of LDP growth scenario: a lower range of 390, a mid-range of 435 dwellings per year and an upper range of 485 per year. In each scenario, approximately 60 dwellings are estimated to be delivered in the National Park, so the proportion in Pembrokeshire County Council's area under the scenarios is approximately 330, 375 and 425. For the LDP growth scenario of 435 dwellings per annum, this has been disaggregated between the National Park and the Council's area and an estimate of 375 dwellings should be delivered per annum in PCC's area. Under this scenario, there is an existing unmet need for 1,223 affordable dwellings per annum and a net annual need for 442 affordable homes per annum when deducting turnover of existing stock and committed supply. An annual market need for 273 dwellings per annum and a newly arising affordable need of 102 dwellings per annum.

39. All the scenarios of the LHMA demonstrate;

- The existing unmet affordable housing need is significantly larger in scale than the newly arising affordable housing need.
- The existing unmet annual affordable housing need in the principal projection at 1,070 homes cannot be met by new housing delivery within the LDP 2 plan period.
- There is higher need for social rented affordable housing than intermediate housing rent. There is a very low requirement for Low Cost Home Ownership
- 67% of the social rented need in the principal projection is for one bedroom properties.
- There is a lower need for market housing per annum than has been delivered by historic building rates.

Pembrokeshire's Well-being Plan

40. Pembrokeshire's Well-being Plan 2023-2028 outlines how Pembrokeshire Public Service Board will work together over the next five years to deliver the seven well-being goals for Wales. The Plan is framed around the sustainable development principle and focusses on addressing the underlying causes of problems and helping to prevent them worsening or occurring in the future. Pembrokeshire's Well-being Plan has a vision to "unlock the power and potential of Pembrokeshire's people and communities so that they are happy, healthy and live well, our communities are kind, safe, resourceful and vibrant, our economy is green and thriving, and our environment is protected and enhanced." The core principles of the Wellbeing Plan are:
    - Providing leadership
    - Building relationships
    - Pooling collective resources
    - Connecting
    - Dealing with emerging issues
    - Sustainable development
    - Culture and Welsh language

- Aligning activity with other important plans and strategies

41. Four well-being Objectives act as the framework through which the Public Services Board can prioritise key areas of focus in its Well-being Plan. These are:
    - Support growth, jobs and prosperity and enable the transition to a more sustainable and greener economy
    - Work with our communities to reduce inequalities and improve well-being
    - Promote and support initiatives to deliver decarbonisation, manage climate adaptation and tackle the nature emergency
    - Enable safe, connected, resourceful and diverse communities

42. The Well-being Plan will be delivered through a number of project plans to meet the four Well-being Objectives. The identified projects include:
    - Reducing Poverty and Inequalities – by utilising short term funding to respond to the cost of living crisis and develop a poverty strategy based on a preventative approach.
    - Strengthening Communities – by building a better understanding of our bilingual communities and increasing engagement and involvement to build capacity and capability of communities.
    - Biodiversity and the Nature Emergency – by raising the profile and changing actions for biodiversity and the nature crisis and working collaboratively to deliver the Nature Recovery Action Plan for Pembrokeshire.
    - Climate adaptation – to implement the Climate Adaptation Strategy for Pembrokeshire.
    - Decarbonisation and Net Zero – to work together to share good practice, deliver carbon reduction actions and reduce carbon use to net zero by 2030. Support delivery of the Pembrokeshire Local Area Energy Plan (LAEP).

43. Pembrokeshire's LDP will be an integral means to maximise the well-being of Pembrokeshire's residents and communities thereby ensuring that the vision, objectives and identified projects are delivered. The key themes of tackling poverty, strengthening communities, ensuring biodiversity enhancement and protection of our natural environment, addressing and adapting to climate change and delivering decarbonisation and net zero are embedded in the LDP strategy and policies.

Second Homes

44. The Welsh Government's report 'Second homes: Developing new policies in Wales[4]' by Dr. Simon Brooks was published in early 2021 which looked in detail at the number of second homes and also the number of homes used or registered as businesses (holiday units, houses which are let out, AirBnb etc), to fully identify the stock that is unable for residential use in the different counties of

[4] https://gov.wales/second-homes-developing-new-policies

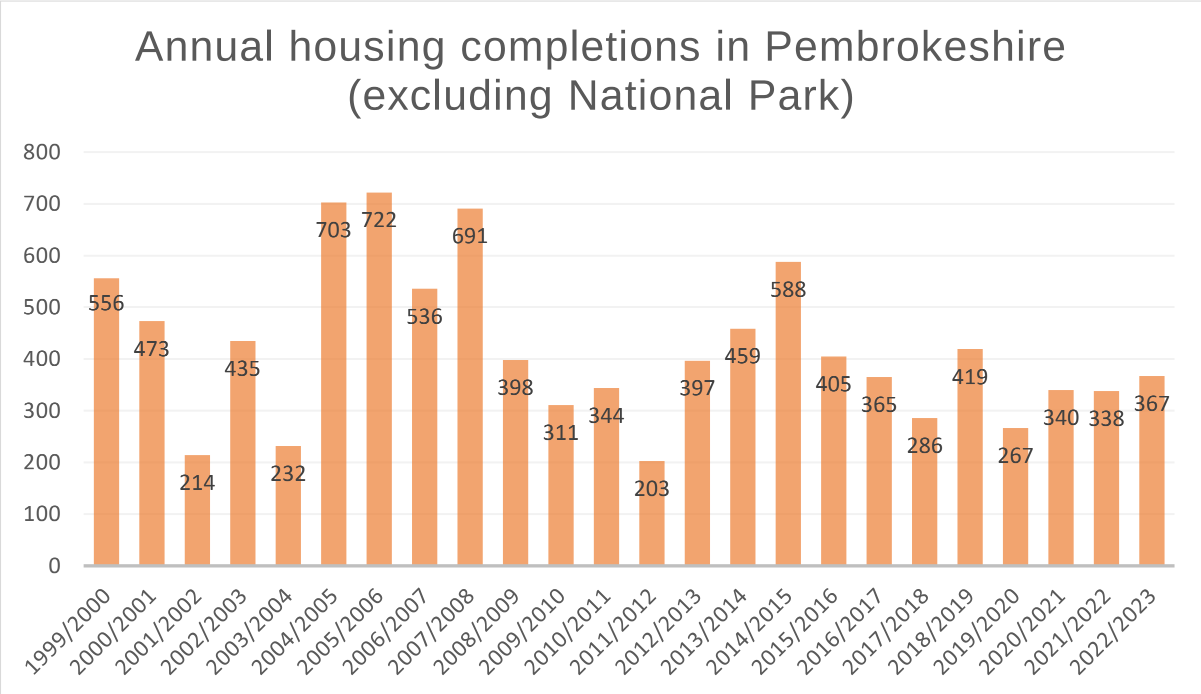
Wales. This recorded that in Pembrokeshire in Mid-2020 some 9.2% of the housing stock was unavailable for use, the second highest figure recorded across the whole of Wales.

45. The report notes that these properties are unevenly distributed across the country and also within individual counties, being located principally in the areas most commonly associated with tourism. Research from Welsh Government suggests that both Brexit and Covid-19 may see increased demand for retirement properties and second homes in locations in rural Wales, including Pembrokeshire. Evidence from the Pembrokeshire LHMA 2022 highlights this by identifying the proportion of dwellings available for permanent residence in each community council area using data on the Council Tax Register as provided by the Council. The figure highlights that whilst the impact of second home and holiday lettings is not large in the urban parts of the County, it is very significant in rural parts of Pembrokeshire, both inside and outside of the National Park.

46. The Brooks Report suggests a trend for counter-urbanisation seen immediately after the first lock down across the UK, with people moving to more rural parts of the country and taking the opportunity to work remotely might continue. The report also suggests that one side effect of Brexit may be a tendency for people to look to Wales rather than locations in Europe to retire to, or for a second home. This in part, because of potential restrictions on the numbers of days that non-European residents can stay in Europe. If this happens, it is possible that the effects of both Covid-19 and Brexit might exacerbate demand for second homes and might also increase residential house prices and demand across Wales. Such a trend has potential implications for the Welsh language in Welsh language speaking communities. It also has potential implications on the affordability of property for local people and overall levels of demand for housing in more rural areas of Wales including Pembrokeshire.

Housing Completions Data 2023

47. The Council conducts an annual housing survey to assess how many dwellings which have gained planning permission have been built. The graph below shows annual housing completions over an historic 24 year period since 1999/2000. The graph clearly shows the economic boom period up to 2007/08 where house building rates peaked at 722 completions in 2005/06. Since 2007/08 house building has been reduced and historic completion rates seen in the period 2004 to 2007/08 are unlikely to be replicated. Pembrokeshire's LDP was adopted in 2013 which may account for an increase in completions in 2014-2015. Since the LDP 2 base date of 2017, the average completions in Pembrokeshire have been lower than anticipated at 336 dwellings per annum (2017 to 2023). Covid-19 has meant an initial downturn in completions, in part as a result of lockdowns creating shortages in building supplies, however, the build rate does not appear to be significantly affected. Analysis of housing completions will focus on the 15 year period 2008/09 to 2022-23.



48. Due to the large fluctuations in annual build rates, it is useful to consider average build rates over an average ten year and five year period. Over a ten year period, the average annual completions have been consistently recorded within the range of 373 to 386, with the mode average of 373 completions recorded for the periods 2010/2011 to 2019/2020 and 2011/2012 to 2020/2021. The mean average from the data is a 10 year completion rate of 378 dwellings per annum.

10 year period	**Average annual housing completions**
2008/2009 - 2017/2018	376
2009/2010 - 2018/2019	378
2010/2011 - 2019/2020	373
2011/2012 - 2020/2021	373
2012/2013 - 2021/2022	386
2013/2014 – 2022/2023	383

49. Over a five year period, the average annual completions have fluctuated more from a high of 443 completions over the five year period 2012/2013 to 2016/2017 and a low of 330 completions over the period 2017/2018 to 2021/2022. The mean average of the five year completion rates is 374 dwellings per annum.

5 year period	Average annual housing completions
2008/2009 – 2012/2013	331
2009/2010 – 2013/2014	343
2010/2011 – 2014/2015	398
2011/2012 – 2015/2016	410
2012/2013 – 2016/2017	443
20132014 – 2017/2018	421
2014/2015 – 2018/2019	413
2015/2016 – 2019/2020	348
2016/2017 – 2020/2021	335
2017/2018 – 2021/2022	330
2018/2019 – 2022/2023	346

Section 4: WG 2018-Based Household Projections

50. Edge Analytics were commissioned to provide demographic analysis of the most recent, 2018-based WG population and household projections, published in August 2020. The paper analyses the area of Pembrokeshire excluding the Pembrokeshire Coast National Park, referred to in the analysis as ‘Pembrokeshire-Out’. The paper considered the latest WG projections alongside a range of other growth scenarios, including trend and housing-led alternatives for the LDP 2 period 2017-2033. The scenarios are based on historical evidence for the period 2001-2018 and use household growth assumptions from the WG’s 2018 based household projection model, with an additional sensitivity considering the impact of the 2008-based household growth assumptions on the projected dwelling growth under the demographic scenarios. The table below summarises the growth scenarios presented:

Scenario	Annual Net migration	Housing Requirement over 16 year period	Average dwelling requirement
WG 2014 (rebased) Principal WG 2014 based population for Pembrokeshire, rebased to the latest 2016 Mid Year Estimate.	386	3,132	196 dpa
WG 2018 WG 2018 based Principal Population Projection for Pembrokeshire.	688	4,336	271 dpa
WG-2018 (HIGHPOP) WG 2018 based High Population Projection for Pembrokeshire.	736	5,008	313 dpa
WG-2018 (LOWPOP)	641	3,456	216 dpa

WG 2018 based Low Population Projection for Pembrokeshire.			
PG Long Term Uses ONS 2018 MYE and migration assumptions from a 17 year 2001/02-2017/18 migration history.	771	4,720	295 dpa
PG Long Term (Fert H Mort H) Uses ONS 2018 MYE base year and calibrates its migration assumptions from a 17 year 2001/02 – 2017-2018 migration history and fertility and mortality assumptions from the WG 2018 based High Population variant scenario.	771	5,072	317 dpa
PG 10 year Uses ONS 2018 MYE base year and calibrates migration assumptions from a 10 year 2008/09-2017/18 migration history	556	3,056	191 dpa
PG 2 year Uses ONS 2018 MYE base year and calibrates migration assumptions from a 2 year 2016/17-2017/18 migration history.	749	4,688	293 dpa
Net Nil Demographic trend scenario using migration in and out are balance resulting in zero net migration.	0	-1184	-74 dpa
Dwelling-led (425) Dwelling-led scenario using an annual dwelling requirement of 425 dwellings per annum (Preferred Strategy Option).	1,047	6,800	425 dpa
Dwelling-led (5 year average) Dwelling-led scenario using an annual dwelling completion rate of 413 dwellings per year based on completions between 2014/15 and 2018/19.	1,023	6,608	413 dpa
Dwelling-led (10 year average) Dwelling-led scenario using an annual dwelling completion rate of 378	955	6,048	378 dpa

dwellings per year based on completions between 2009/10-2018/19.			

51. The graph below shows the growth scenarios which were considered:

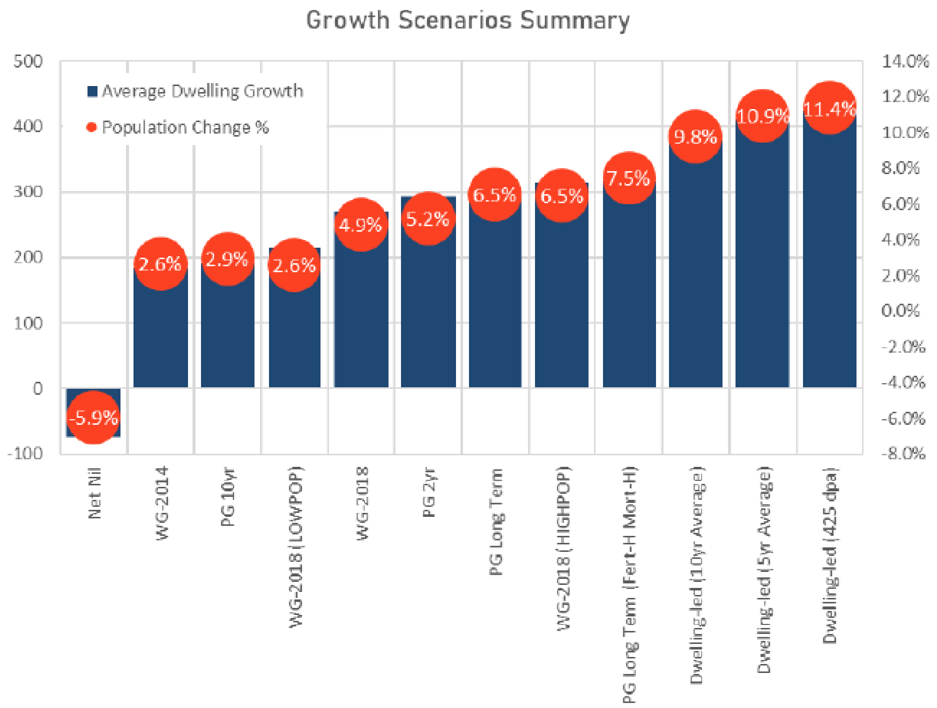


Figure 10: Pembrokeshire-Out - Growth Scenarios Summary 2017-2033

Comparison of 2018 with 2014 WG Projections

- The 2018 based Welsh Government Principal Projection is higher than the 2014 based Principal Projection and reflects in part, higher than anticipated in-migration figures to Pembrokeshire in 2015 and 2016. The 2018 principal projection has an annual net in-migration rate of 688, compared to 386 in the 2014 (rebased) projection.
- The population change projected with the 2018 based figure is 4.9% in comparison with the 2.6% figure of 2014.
- The WG 2018 based principal projection results in an annual need for 271 dwellings, in comparison with the WG 2014 principal projection, which projected an annual requirement for 184 dwellings per year
- The 2018 based long term growth scenarios have lower growth outcomes than the 2014 based projections due to the dampened fertility and mortality assumptions.

Components of population change

- **Migration** has been the dominant driver of population growth in Pembrokeshire in all years since 2001/02. There was a notable fall in net in-migration following the global financial crisis in 2007/08. Since 2015, the average annual net migration has been approximately +700 per annum.
- **Natural change** has had a negative impact on population growth with a higher number of deaths recorded than births.

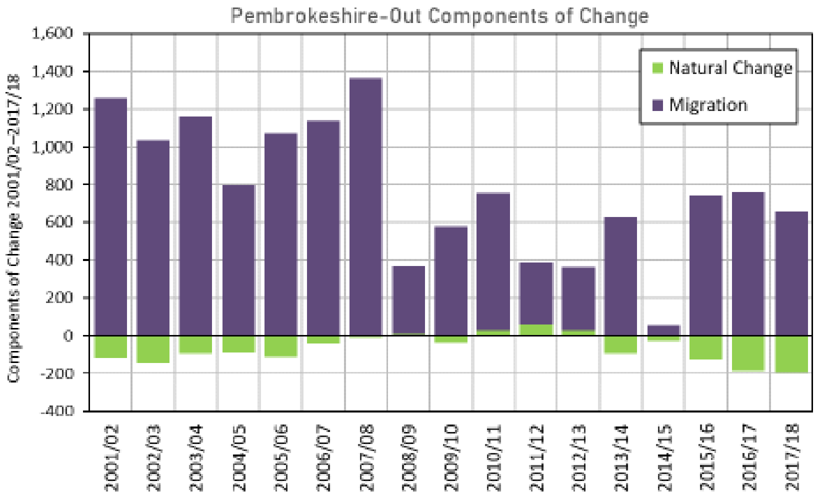
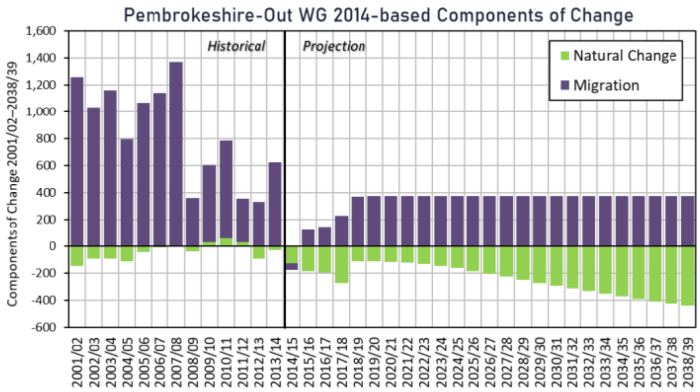


Figure 4: Pembrokeshire-Out - Components of Population Change 2001/02–2017/18 (Source: ONS)

52. The graphs below show the projected components of change of migration and natural change, comparing the 2014-based and 2018-based projections.
    - The annual net migration rate has increased from the WG 2014 (rebased) projection of 386 to 688 in the principal WG 2018 based projections.
    - The 2018 based projections forecast dampened outlook for fertility and mortality compared to 2014 projections.



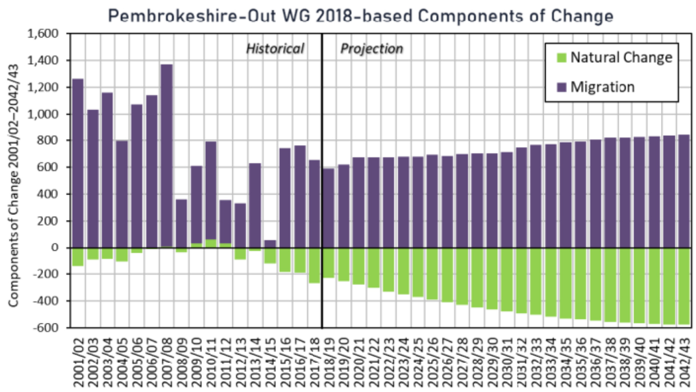


Figure 7: Pembrokeshire-Out – Components of Population Change, WG Principal Scenarios (Source: WG)

53. **Key forecasts:**

Demographic forecasts

- Net in-migration is the biggest driver of population change in Pembrokeshire
- Net in-migration can influence the future age profile of Pembrokeshire.
- Whilst the growth in the oldest age groups is very similar across the scenarios, the higher growth scenarios drive higher net in-migration of young adults, with a corresponding increase in the 0-14 age range.

Migration forecasts

- Future impact of international migration is highly uncertain due to both Covid-19 and Brexit.
- Covid-19 and the ability to work from home generated greater demand for residential properties in 2020-2022. This is thought to have levelled off, partly due to rising interest rates.
- People migrate to Pembrokeshire from: Ceredigion (+25 per annum 2002/02-2018/19), Caerphilly (+21 pa), Birmingham (+18 pa) and Powys (+18 pa).
- The largest level of net out-migration from Pembrokeshire is to Cardiff (-67 per annum), Swansea (-33pa), Scotland (-13pa) and Bristol (-8pa).
- Numbers of foreign nationals that have registered to work in Pembrokeshire since 2002 have fluctuated with a peak in 2008 (782 National Insurance

Number registrations). The level has remained around 300 NIN registrations since 2014.

54. The Edge Report considers a range of growth scenarios based on the 2018 Household Projections and dwelling led scenarios based on past completions. The projections show that migration to Pembrokeshire is key to future population and household growth as natural change within the County is negative due to higher deaths than births. In order to address the key issue of out-migration of young people there is need to provide suitable housing, employment and vibrant town centres. The higher growth scenarios would help to provide opportunities for young people to access housing within the County and re-balance the ageing population. The higher growth scenarios need to be considered against historic build rates to ensure the chosen growth scenario is deliverable.

55. **Summary**

Since the Deposit Plan was consulted on in 2020 there are a number of reasons to lower the housing requirement for Pembrokeshire's Re-Deposit LDP 2:

- The latest 2018 based Household Projections capture an increased net migration rate but natural change is forecast to decrease significantly over the plan period.
- The Census 2021 recorded lower population growth in Pembrokeshire than anticipated with the 2020 Mid Year Estimates being 2% too high.
- In 2019 both the Welsh Government and Pembrokeshire County Council voted to declare a Climate Emergency. Reducing the housing growth strategy would result in lower carbon emissions.
- The publication of new guidance on phosphates in Riverine Special Areas of Conservation in Wales by Natural Resources Wales in January 2021 has resulted in the loss of approximately 430 dwellings, comprising of 254 units on allocations and 180 windfall units.
- Housing delivery in the first 6 years of the LDP 2 plan period has been delivered at an average of 337 dwellings per annum, which is significantly below the Deposit 1 target of 425 dwellings per annum.

However, lowering the housing requirement also needs to be balanced against;

- The need to address the large backlog of affordable housing need identified in the Local Housing Market Assessment
- The need to achieve a more balanced population profile
- The successful bid for the Celtic Freeport

Section 5: Conclusions and Re-Deposit Preferred Growth Option

56. Using the Preferred Growth Scenarios that were chosen for the Preferred Strategic and updating the figures for the PG Long Term (2018 based projection) and dwelling-led 5 year average and 10 year average would result in the following preferred growth option:

	Preferred Strategy Growth Option based on 2014 WG Household Projections	**Re-Deposit Growth Option based on 2018 WG Household Projections**
PG Long Term projection	Migration assumptions based on 15 years of migration history from 2001/02 to 2015/16 at 408 dwellings per annum.	Uses ONS 2018 Mid Year Estimates and migration assumptions from a 17 year 2001/02-2017/18 at 295 dwellings per annum.
Dwelling-led (5 year average)	443 dwellings per annum over the 5 year period 2012 to 2017.	413 dwellings per annum over the 5 year period 2014/15 to 2018/19.
Dwelling-led (10 year average)	416 dwellings per annum over the 10 year period 2007 to 2017.	378 dwellings per annum over the 10 year period 2009/10 to 2018/19.
Mean average of three scenarios:	**422 rounds to 425 dwellings per annum**	**362 rounds to 365 dwellings per annum**
Total Housing Requirement over 16 year plan period	**6,800 dwellings**	**5,840 dwellings**

Re-Deposit Plan Growth Strategy: 365 dwellings per annum

The revised housing requirement has utilised the latest 2018 based Welsh Government Household Projections, alongside scenarios based on historic delivery rates as a starting point for assessing suitable growth scenarios for Pembrokeshire. The chosen growth scenario has been chosen for the following reasons:

- It is deliverable. The under-delivery of 336 dwellings per annum over the first six years of the plan, adjusts the remaining housing requirement to 382 dwellings per annum over the remaining 10 years of the plan 2023 to the end of 2033.

- It reflects longer term migration trends, which reflects the LDP Plan period and takes account of economic variances. It also takes account of the closure of a major employer in Pembrokeshire in 2014 (which will have impacted on the 5 year migration figures).
- It will assist in meeting the significant backlog of affordable housing need identified in the LHMA 2022 and will make a greater contribution than a growth option based only on WG projections.
- It will support the local building industry and wider economy and will make a greater contribution than a growth option based only on WG projections.
- It will deliver a more balanced population profile than that projected with lower growth levels.
- The lower growth strategy takes account of phosphate guidance which is a constraint to development in parts of Pembrokeshire and recognises the potential impacts on the Climate, but at a level that is in line with that delivered historically.
- It scores more positively than higher levels of growth in terms of the Sustainability Appraisal as it provides more opportunities for protecting soil quality, minimising pollution and protecting water quality.

SP 2 Housing Requirement

Provision is made for approximately 6,425 (10% flexibility) dwellings in the Plan period, to enable delivery of 5,840 (365 dwellings per year).

Linked Key Issues: Living and Working

This strategic policy will contribute towards achieving objectives: D

Well being Goals: A More Equal Wales, A Wales of Cohesive Communities.

Section 6: Link between Jobs and Homes

The Local Employment Trends Background Paper (December 2018) sets out the Experian model which is sequential and driven by population dynamics, which impact labour force (supply side) and employment (demand side). The population projections take account of Pembrokeshire's ageing population with younger age population (age 16 to 64) declining and old age population (65 and above) increasing over the forecast horizon. The labour force (supply side factor) is driven by demographics, population and participation rates. The total jobs is projected to increase from 62.2 thousand in 2017 to 64.40 thousand in 2033, an increase of 2,200 jobs in total.

The Experian forecast is influenced by the population projections and with a decrease in the growth strategy from 6,800 homes to 5,840 homes, there would be a decline in the younger age population 16 to 64. If the same proportion was applied to the jobs growth of 2,200 it would lower the jobs figure to approximately 1,970 jobs.

The Employment-led scenario considered in the Edge Analytics Report (December 2020) forecasted an average annual employment growth rate of +6 over the plan period. Since then Brexit has happened and there were further phases of the Covid-19 lockdown. However, the provisions of the Swansea City Deal, as they relate to Pembrokeshire, are now being implemented, the Haven Waterway Enterprise Zone remains in place and there has been a successful joint bid for Freeport status for Pembrokeshire (Milford Haven Waterway) and Neath-Port Talbot.

Although it is difficult to be precise at present, it is anticipated that the success of the Celtic Freeport bid means that the 1,970 revised jobs figure proposed for inclusion in LDP 2, Deposit Plan 2 could be exceeded by 1,000 jobs within the Plan period. An expanded narrative on this is to be included in the LDP 2, Deposit Plan 2 document.