

Regeneration and Planning
Planning and Housing Policy Team
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SENT BY EMAIL
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18/03/2021

Dear Sir / Madam,

LANCASTER LOCAL PLAN: SUPPLEMENTARY PLANNING DOCUMENTS (SPDs)

1. Thank you for consulting with the Home Builders Federation (HBF) on the Draft Viability Protocol SPD and the Draft Meeting Housing Need SPD consultations.
2. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.
3. We understand Lancaster's Supplementary Planning Documents (SPDs) are to be used alongside the Local Plan in order to make decision on planning applications. It should be noted that PPG (ID: 61-008 and reiterated in ID: 12-028) states *that 'Supplementary planning documents (SPDs) should build upon and provide more detailed advice or guidance on policies in an adopted local plan. As they do not form part of the development plan, they cannot introduce new planning policies into the development plan. They are however a material consideration in decision-making. They should not add unnecessarily to the financial burdens on development.'*
4. The HBF have concerns that the proposed amendments in both the Draft Viability Protocol SPD and the Draft Meeting Housing Need SPD go over and above providing more detailed advice or guidance to the affordable housing policy and should have been tested at examination by an independent Inspector.

Draft Meeting Housing Need SPD

5. Section 4 in relation to Open Market Housing appears to be intended to provide further guidance to Policy DM1. Policy DM1 is set out below for information.

Policy DM1: New Residential Development and Meeting Housing Needs Housing Needs



The Council will support proposals that seek to promote balanced communities and meet evidenced housing needs by supporting proposals that accord with the Council's latest Strategic Housing Market Assessment. There may be circumstances where it would not be appropriate to provide for the full range of housing needs identified in the Strategic Housing Market Assessment, for example:

III. Small schemes of fewer than 10 units where delivering a broad range of housing may be limited by physical constraints;

IV. Sites in or close to town centres within the district where lower densities or larger homes may not be appropriate;

V. Sites where the need to sustain or enhance the setting of a heritage asset may be of particular importance and requires a bespoke approach to housing mix; and

VI. Sites in rural locations, where there is an up-to-date village or parish housing needs assessment that is a more appropriate indication of housing need.

The precise mix of housing types and tenures will be agreed at the time of application taking account of all relevant factors.

6. The SPD sets out the recommended mix in Table 1, this is based on Table 4.1 from the DM DPD. The SPD states that *'where a development contributes to meeting the strategic need for housing on allocated sites, or in or adjacent to regional centres, key service centres, market towns or sustainable rural settlements (outside the AONBs), schemes will be expected to meet the recommended district wide mix'*. This differs from policy DM1 which states that the precise mix will be agreed at the time of application and take account of all relevant factors and changes the use of table 4.1 which is identified as an indicative approach to housing mix. It is noted that paragraph 4.12 of the Development Management Plan specifically states that there will be other important site-specific factors such as specific needs and **market conditions**. Whilst the SPD goes on to identify that there may be other factors which will affect the appropriate mix, it suggests that these factors could include the identification of specific needs by a Parish or Town Housing Needs Assessment. It now neglects to consider market conditions.
7. It is noted that paragraph 4.7 also identifies that as development takes places and identified needs are met the mix may change. The HBF agrees that this could be the case and suggests that this is why evidence in relation to market conditions will also be an important consideration and should be included within the SPD.
8. Paragraph 4.9 highlights that a scheme which fall into one of the criteria identified in parts III to VI in Policy DM1 will not be automatically exempt from the requirement to meet a full range of housing needs and suggests that schemes should seek to meet the identified needs, unless evidence is provided to support an alternative mix. The HBF does not consider that this is in line with the policy, the circumstances set out in parts II to VI are clearly identified as exceptions to the policy, and it is clear that they are not an exhaustive list of circumstances in which an exemption would apply. The HBF does not consider that it is appropriate for the SPD to seek to amend the policy.
9. Paragraph 4.10 states that where a scheme deviates significantly from the indicative mix identified in the Local Plan, justification and evidence to support the alternative mix

should be provided with the application. A developer's preference for a house type or size, their sales model or previous developments will not be considered enough justification. The argument that providing a limited range will address part of the identified need will also not suffice. Meeting a limited range will place greater pressure upon other developments to provide a shortfall in other housing sizes. The HBF is concerned by the Council's suggestion that sales models or market information from previous developments would not be considered appropriate evidence. It is clear that if the Council are to consider market conditions as set out in the Development Management Plan (paragraph 4.12) that these elements are likely to form a key part of the evidence. The HBF considers that paragraph 4.10 of the SPD should be deleted.

10. The HBF do not consider that it is appropriate for the Council to state the discounted market housing will not be accepted as affordable housing. Annex 2 of the NPPF clearly sets out the definition of affordable housing, it clearly identifies discounted market sales housing as part of this definition. The HBF strongly recommend that this sentence is deleted as part of paragraph 5.2.

Draft Viability Protocol SPD

11. Paragraph 2.2 of the Viability Protocol SPD starts by saying '*where an applicant does not wish to meet the policy requirements for potential viability reasons . . .*' the HBF does not consider that this statement is appropriate. The applicant may 'wish' to meet the policy requirements but may not be able to due to the viability of development. The HBF recommends that the Council amend the wording of this statement to make clear that the issue of viability has nothing to do with whether an applicant wishes to meet the policy requirements or not.
12. The HBF do not consider that paragraph 2.11 is necessary and recommend that it is deleted. A viability assessment should be prepared with professional integrity by a suitably qualified practioner and presented in accordance with the guidance set out in the PPG. RICs also already provides a professional statement which sets out the mandatory requirements that inform a practioner on what must be included within financial viability assessments and how the process must be conducted. Therefore, it is not necessary for a warranty or statement to be provided.
13. It is also clear from paragraphs 2.9 and 2.10 that the Council do not expect commercially sensitive information or land price paid to be included within the Viability Assessment and as such, whilst the publicly available assessment may not include any inaccurate or misleading information it may also not contain all of the information that has been used in making commercial decisions.
14. Paragraph 2.21 states that the benchmark land value (BLV) should be determined in accordance with the PPG using the 'existing use value plus' approach. The plus or premium is generally accepted to be 10-15 times the existing use value, but this may be subject to adjustment to ensure development is policy compliant. The HBF notes that the PGG¹ states that the premium for the landowner should reflect the minimum return at

¹ PPG ID: 10-013-20190509

which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available. The PPG does not limit this premium to 10-15 times the existing use value.

15. The section in relation to BLV goes on to suggest that development costs, including abnormal costs, site specific infrastructure should be taken into account when defining BLV and should be deducted from the land value calculation. Whilst it is noted that the PPG² does suggest that development costs, abnormal costs and site-specific costs should be taken into account when defining the benchmark land value, it does not state that they should be deducted from the land value calculation.
16. The SPD states that where a developer is seeking to reduce affordable housing or infrastructure requirements the profit level used in the viability appraisal should not exceed 15%. Profit levels for affordable housing should reflect significantly lower risk levels, generally accepted to be at 6%. The HBF considers that this is not appropriate and is contrary to the position taken by the Lancaster Local Plan Viability Assessment which uses a 18% profit.

Future Engagement

17. I trust that the Council will find these comments useful as it continues to progress its Local Plan. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.
18. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours sincerely,



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² PPG ID: 10-012-20180724