



Central Lincolnshire Local Plan Team
c/o North Kestevens District Council
District Council Offices
Kesteven Street
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SENT BY E-MAIL AND POST

25th November 2015

Dear Sir / Madam

CENTRAL LINCOLNSHIRE JOINT LOCAL PLAN – FURTHER DRAFT CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation. 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. We would like to submit the following representations and in due course attend the Local Plan Examination Hearing Sessions to discuss these matters in greater detail.

Duty to Co-operate

Under S110 of the Localism Act 2011 which introduced S33A into the 2004 Act the Councils must co-operate with other prescribed bodies to maximise the effectiveness of plan making. The Duty to Co-operate requires the Councils to "*engage constructively, actively and on an on-going basis*". The high level principles associated with the Duty to Co-operate are set out in the National Planning Policy Framework (NPPF) (paragraphs 156, 178 – 181). In addition there are twenty three paragraphs in the National Planning Practise Guidance (NPPG) concerning the Duty to Co-operate.

The HBF commends Lincoln City Council, North Kesteven District Council and West Lindsey District Council for their collaborative working on preparing a Joint Local Plan for Central Lincolnshire.

However in determining if the Duty to Co-operate has been satisfied it is important to consider the outcomes arising from the process and the influence of these outcomes on the Joint Local Plan. One required outcome of co-operation is the delivery of full objectively assessed housing needs (OAHN) for market and affordable housing in the housing market area (HMA) as set out in paragraph 47 of the NPPF including the unmet needs of neighbouring authorities where it is reasonable to do so and consistent with sustainable development (paragraph 182 of the NPPF).

It has been determined that Central Lincolnshire is its own HMA and that full OAHN can be met within the three Councils administrative areas without recourse to neighbouring authorities. However despite this separately defined HMA Central Lincolnshire is not isolated. It is centrally located between the Lincolnshire coast (East Lindsey and Boston District Council's), North Lincolnshire (North Lincolnshire and North East Lincolnshire District Council's), South Lincolnshire (South Kesteven and South Holland District Council's) and Nottinghamshire (Bassetlaw, Newark & Sherwood and Rushcliffe District Council's). The Central Lincolnshire HMA has nine neighbouring local authorities.

At the time the Joint Local Plan is submitted to the Secretary of State for examination the Councils should provide a Statement of Co-operation including copies of any signed Memorandums of Understanding with neighbouring authorities setting out its compliance with the Duty.

OAHN and Housing Requirement

The Joint Local Plan proposes 36,960 new homes (1,540 dwellings per annum) over the plan period of 2012 – 2036. This housing requirement target represents a mid-point derived from an OAHN range of 1,432 – 1,780 dwellings per annum (paragraph 3.3.2). The housing requirement figure is described as been higher than demographic needs and sufficiently high enough to support economic growth (paragraph 3.3.3).

One question is whether or not a proposed mid-point housing requirement is appropriate. The Inspectors examining the North Somerset and the Brighton & Hove Local Plans found that if a range is identified the most appropriate figure to use is the upper end of the range. The North Somerset Local Plan Inspector concluded that *“the selection of the bottom end of the range was not in the spirit of positive planning and the national objective to boost significantly supply”* whilst the Brighton & Hove Local Plan Inspector confirmed *“the Framework’s requirement that a LPA should assess their full housing needs ... my view is that the Plan should indicate that the full OAHN is at the higher end of the range”*. Moreover as confirmed in the PAS Guidance “Objectively Assessed Need and Housing Targets” dated June 2014 (paragraph 6.2) *“if both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need”*.

The Councils have identified an affordable housing need of 17,400 dwellings (paragraph 4.5.2). The NPPG states that an increase in the total housing included in a Plan should be considered where it could help to deliver the

required number of affordable homes (ID : 2a-029-20140306). Recently this approach was reinforced by Stewart J in *Satnam Millennium Ltd v Warrington Borough Council* (2015). Moreover in *Oadby and Wigston Borough Council v Secretary of State for Communities and Local Government and Bloor Homes Ltd* (2015), Hickinbottom J stated that a failure to respond to affordable housing need is a policy choice which means that the Councils should demonstrate that either affordable housing need is met or justify why it cannot be met and address any unmet need through the Duty to Cooperate.

Land Supply

Policy LP2 sets out a spatial strategy and a seven tiered settlement hierarchy comprising of Lincoln Urban Area, the main towns of Sleaford and Gainsborough, the market towns of Caister and Market Rasen, twenty one named large villages, thirty eight named medium villages, ninety six named small villages and the countryside. **Policy LP3** sets out the level and distribution of growth. The housing requirement of 35,960 dwellings is distributed as follows :-

- Lincoln Strategic Area (urban region, Sustainable Urban Extensions (SUEs) and settlements which serve / serviced by Lincoln) – 23,654 dwellings (64%) ;
- Gainsborough (urban region and SUE) – 4,435 dwellings (12%) ;
- Sleaford (SUE) – 4,435 dwellings (12%) ;
- Elsewhere – 4,435 dwellings (12%). Proposed growth in the villages is set out in **Policy LP4**.

The question is whether this distribution of development is the most appropriate and sustainable of all reasonable alternatives in meeting housing needs. Previously the Inspector observed that the Sustainability Appraisal's reasons for the choices on the proposed settlement hierarchy, the distribution of development and the selection of the specific SUEs were overly reliant on the revoked Regional Spatial Strategy and additional work was needed to give adequate reasons for selecting the preferred strategy and rejecting other options or reasonable alternatives (letter dated 16 December 2013 written by David Vickery). If the most sustainable distribution is to meet housing needs where these needs arise then the proposed housing distribution will not meet housing needs in particular affordable housing needs in the rural areas. A core planning principle of paragraph 17 of the NPPF is to "*take account of the different roles and character of different areas ... recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it*". Paragraph 55 of the NPPF emphasises "*to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities*". The NPPG also recognises that all settlements can play a role in delivering sustainable development (ID : 50-001-20140306) so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided.

LP48 SUE Allocations equals 16,350 dwellings of which only two scheme are consented it is understood neither has started construction on site. The

Central Lincolnshire Economic Viability Assessment dated September 2012 by Three Dragons stated “any proposed SUEs will need careful appraisal by the Councils and developers if seen as potential solutions to the current land supply targets”. Previously the Inspector also commented about evidence on what key infrastructure has to be provided and when it is required for there to be reasonably certain of the delivery of the SUEs as set out in the Housing Trajectory (letter dated 16 December 2013 written by David Vickery).

It is critical that the Councils incorporate realistic assumptions on lead in times and delivery rates of SUEs especially since the Inspector previously identified a delivery gap on adoption of the Joint Local Plan. Unfortunately there remain concerns over deliverability and 5 YHLS on adoption. If there is not reasonable certainty that the individual Councils have a 5 YHLS the Joint Local Plan cannot be sound as it would be neither effective nor consistent with national policy. Moreover if the Joint Local Plan is not to be out of date on adoption it is critical that the land supply requirement is achieved as under Paragraph 49 of the NPPF “*relevant policies for the supply of housing will not be considered up to date if the LPA cannot demonstrate a five year supply of deliverable housing sites*”. The Councils should be mindful that a more dispersed distribution pattern around existing sustainable settlements would provide greater flexibility in the event that delivery from the SUEs is not as expected and may assist in achieving a 5 YHLS on adoption of the Joint Local Plan.

As a consequence if the Councils consider allocating more sites, the Councils should be mindful that to maximize housing supply the widest possible range of sites, by size and market location are required so that house builders of all types and sizes have access to suitable land in order to offer the widest possible range of products. The key to increased housing supply is the number of sales outlets. Whilst some SUEs may have multiple outlets, in general increasing the number of sales outlets available means increasing the number of housing sites. So for any given time period, all else being equal, overall sales and build out rates are faster from 20 sites of 50 units than 10 sites of 100 units or 1 site of 1,000 units. The maximum delivery is achieved not just because there are more sales outlets but because the widest possible range of products and locations are available to meet the widest possible range of demand. In summary a wider variety of sites in the widest possible range of locations also ensures all types of house builder have access to suitable land which in turn increases housing delivery.

Viability and Policy Requirements including Affordable Housing

If the Central Lincolnshire Joint Local Plan is to be compliant with the NPPF, the Councils need to satisfy the requirements of paragraphs 173 and 174 whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened. Under paragraph 174 of the NPPF the Councils must properly assess viability. Paragraph 4.5.4 of the Joint Local Plan refers to a Viability Report.

The Councils should be mindful that it is inappropriate to set unachievable policy obligations. Whilst it is accepted that developers can negotiate lower

affordable housing provision on the grounds of viability such negotiations inevitably incur additional costs in terms of both time and money which impairs housing delivery. The purpose of whole plan viability assessment is to ensure that the bar of policy expectations is not set unrealistically high. If the bar is set too high then the majority of schemes instead of the exception will be subject to site by site viability negotiations. It is unrealistic to negotiate every site on a one by one basis because the base-line aspiration of a policy or combination of policies is set too high as this will jeopardise future housing delivery.

The residual land value model is highly sensitive to changes in its inputs therefore an adjustment or an error in any one assumption can have a significant impact on the residual land value. Therefore it is important to understand and test the influence of all inputs such as policy requirements on the residual land value as this determines whether or not land is released for development. The Harman Report highlighted that “*what ultimately matters for housing delivery is whether the value received by land owners is sufficient to persuade him or her to sell their land for development*”. The other important assumption in viability testing is the benchmark land value against which the residual land value is judged. If the bench mark land value is set too low the capacity to contribute to affordable housing, S106 payments, CIL and other Local Plan policy requirements will be over-estimated meaning that land will not be released for development and as a consequence housing targets will not be achieved. In this context the following policy proposals should be viability tested :-

- **LP9 – Health & Wellbeing ;**
- **LP10 – Meeting Accommodation Needs** (on developments of more than 6 dwellings 30% of dwellings should meet higher optional requirement for M4(2) Accessible & Adaptable Homes) ;
- **LP11 – Meeting Housing Needs** (affordable housing provision on developments of more than 3 dwellings proposed as 25% in Lincoln Strategic Area, 20% on Lincoln SUE, 15% on other SUEs and 20% elsewhere subject to viability).

The HBF sponsored Report “CIL – Getting It Right” by Savills published in January 2014 demonstrated that on large greenfield sites using generic assumptions where sales values are £200 square foot or less the ability to pay CIL, S106 contributions and make affordable housing provision falls away to zero. It is believed that this conclusion is applicable to SUEs in Central Lincolnshire because as previously identified by the Inspector there are abnormal infrastructure requirements for the Lincoln sites and low land values in Gainsborough.

It is widely acknowledged that there are challenges in providing affordable housing on SUEs because of the cost of infrastructure. If SUEs are viably unable to provide affordable housing then this will reduce the overall amount of affordable housing delivered across the HMA resulting in an even greater difference between affordable housing delivery and the identified affordable housing need which re-enforces the suggestion of increasing OAHN to meet

affordable housing needs in a more dispersed pattern of development to meet housing needs outside the SUEs.

Conclusions

For the Central Lincolnshire Joint Local Plan to be found sound under the four tests of soundness defined by paragraph 182 of the NPPF, the Plan must be positively prepared, justified, effective and compliant with national policy. It is recommended that for the Joint Local Plan to be found sound the Councils should re-consider :-

- OAHN and the housing requirement ;
- spatial distribution and site allocations ;
- 5 YHLS on adoption ;
- whole plan viability and burden of policy requirements.

It is hoped that these representations are of assistance to the Councils in informing the next stages of the Central Lincolnshire Joint Local Plan. If any further information or assistance is required please contact the undersigned.

Yours faithfully
for and on behalf of **HBF**



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