



# THE HOME BUILDERS FEDERATION

Date: 13<sup>th</sup> November 2015

Consultee ID: 048

Matter: 2

## CARLISLE LOCAL PLAN EXAMINATION

### **Matter 2 – Housing**

1. The HBF wish to make the following submissions upon the issues and questions raised within matter 2.

**Issue 1: Whether the housing requirement figure of 8475 dwellings contained in Policy SP2 of the LP will meet the objectively assessed housing needs of the area over the plan period.**

***Q1. Is the methodology for assessing the OAN appropriate and the conclusions supported by the evidence including market signals? If not, why not?***

2. The Inspector, within the Matters and Issues document (EL1.007d), correctly identifies that the Strategic Housing Market Assessment Update (SHMA) (EB002) indicates an objectively assessed need figure of 8,475 dwellings over the plan period as reflected in Policy SP2. As outlined within our comments upon the submission version of the plan the HBF agrees with much of the methodology employed in the derivation of OAN as identified within the SHMA. Notwithstanding this general agreement we do have a number of outstanding concerns. To aid brevity these are only repeated below where we have additional comments or are responding to additional information published by the Council. The following comments should therefore be read in conjunction with our representations upon the submitted plan.

#### SHMA time period

3. Within our comments upon the Submission version of the plan (paragraphs 19 to 21) we noted that the time periods of the plan and the SHMA did not align. This led to a potential under-delivery of 1,130 against the OAN, due to omission of 2013 and 2014. Proposed modification MM02 (EL1.006b) seeks to address this issue and clarifies that the proposed housing requirement is a net minimum of 9,605 dwellings over the period 2013 to 2030. The HBF is supportive of this amendment which accords with our previous comments.

#### Demographic factors

4. The SHMA (EB002) does not take account of the 2012 Sub-national household projections (2012 SNHP) due to the fact they were released after its publication. This need not, however, render the conclusions of the SHMA invalid. The PPG is clear that the release of updated projections '*...does not automatically mean that housing assessments are rendered outdated...*' (PPG ID 2a-016). In terms of the Carlisle OAN study we consider this to be true due to the fact that the study applies

uplifts to the base household projections to take account of longer-term migration rates and the recent reversal of the trend in rates of household formation. It is also notable that the recent publication of the national 2014-based SNPP identifies that previous projections were likely to have under-estimated migration nationally. Whilst these have not yet been disaggregated to local authority level it does lend weight to the argument that the 2012 SNHP were an under-estimate of future trends.

5. In relation to household formation rates the SHMA also provides an uplift to provide a partial catch-up to the rates identified within the 2008 SNHP. Again we generally agree with this assumption.

#### Economic growth

6. The HBF agrees that the plan and OAN should be founded upon economic growth. Our key area of concern is whether the OAN fully represents the regional aspiration for jobs growth. This is discussed within our comments upon the submission version of the plan, paragraphs 26 to 28. These issues remain unaddressed.

#### Market Signals

7. In considering market signals the SHMA identifies (paragraph 2.50) that;

*'It would be appropriate based on the market signals to consider future assumptions about migration and household formation rates, and make some allowance for higher household formation relative to the 2001-11 decade. This has been done as part of the demographic analysis (below) where it is assumed that household formation rates in the future will start to return to the levels seen in the 2008-based CLG household projections'*

8. The HBF agrees with this stance, however, we are also of the view that an additional moderate uplift should be made to ensure that the worsening issues of overcrowding and affordability are adequately addressed. The proposed uplifts applied within the SHMA largely deal with the inadequacy of the baseline projections in relation to future rates of migration and household formation which can largely be attributed to the recent issues brought about by the economic recession. They do not directly address issues of affordability due to the fact that they are simply considered to be rectifying an inaccuracy in the 2011 interim SNHP and 2012 SNPP for Carlisle.
9. The economic scenario, upon which the housing need figure is based, does represent an uplift upon the demographic analysis, however once again this would not specifically address the issue of market signals. This is because the economic adjustment is made for entirely different reasons, to attract new workers to an area to take up the jobs created. They will not tackle affordability issues for the indigenous population. Even in areas where a substantial economic adjustment has been applied, Councils are still required to address market signals on their merits and make the appropriate adjustments. Economic adjustments do nothing directly to improve affordability for existing residents or newly forming households.

#### Conclusions

10. The HBF largely agrees with the methodology for deriving the OAN but considers that the proposed overall requirement, at an average of 565dpa, is not sufficiently aspirational to meet the potential employment growth within the area or deal with affordability issues. It is therefore considered that a moderate uplift is required to meet these two essential elements. The issue of affordability is further covered within comments upon Issue 5 Q1 below.

**Issue 2: Whether the spatial strategy is justified.**

**Q1. Is the approximate spatial distribution of 70% new housing in urban areas and 30% in rural areas justified?**

11. The HBF supports the need to locate development within sustainable locations, our concerns lay with the deliverability of this distribution given the economic viability issues set out within the *Local Plan Viability Study* (EB001) which identifies that the urban areas of Carlisle suffer from the greatest viability issues. This issue is discussed within our comments upon the submission version of the plan.

**Q2. Is the reliance on some windfall developments to accommodate the growth required until 2025 justified?**

12. The plan anticipates a significant contribution from windfall sites, accounting for 1,500 dwellings over the plan period or 100 per annum. This accounts for an average of over 17% of the average annual plan requirement, or almost 21% up to 2020 if the phased approach is utilised. The NPPF, paragraph 48, and PPG (ID: 03-24) does enable local authorities to include such a provision providing there is robust evidence that this will continue to be a reliable source. The Council's *Five Year Housing Land Supply: Position Statement (2015)* (ref: EB007) identifies an average of 199dpa from such sources between 2008/9 and 2014/15. The proposed windfall allowance is significantly lower than this, however, this needs to be viewed within the context of an aging plan, combined with a dearth of viable allocations and the lack of a detailed SHLAA.

**Q3. Can the Council provide evidence of the past delivery of windfall developments to demonstrate that the reliance on windfalls is realistic?**

13. I refer to Q2 above.

**Q4. If so, what assurance is there that such trends will continue?**

14. It remains unclear whether the Council has undertaken an assessment of the likelihood of such trends continuing once a new plan, complete with up to date allocations, is in place. The HBF is concerned that a heavy reliance upon windfalls may place the delivery of the housing requirement in jeopardy.

**Carlisle South**

**Q5. The urban extension is expected to be delivered from 2025 onwards. The housing trajectory indicates that Carlisle South is expected to deliver approximately 300 dwelling per annum (dpa) over the last 4 years of the plan period.**

**(a) Is there any policy restriction on development within the site coming forward sooner than 2025 as suggested in some representations, provided that any proposals would not prejudice the delivery of the site as a whole including the infrastructure required?**

15. The HBF support flexibility with regards the timing and release of this strategic development. Whilst the need to co-ordinate the planning and infrastructure provision within the area is recognised this should not stop development coming forward prior to 2025 providing they are addressed. The masterplan for the area is anticipated to be adopted in December 2017 (SD009). Presuming that this timescale is adhered to, significant work upon the masterplan will need to be undertaken throughout 2016 and early 2017 to produce a draft version of the plan. The HBF is, therefore, unclear why the Council appear committed to ensuring that

sites within this area are not released until 2025 at the earliest. Paragraph 3.37 of the submitted plan indicates;

*'It would prejudice the strategy of the Plan if individual sites within the Carlisle South area came forward incrementally within the first 10 years of the Plan period. It would also prejudice the delivery of infrastructure'.*

16. This is considered unduly negative and may inhibit sustainable, well planned development, which aids the Council's delivery of its housing need and economic ambitions, coming forward. If development proposals are in conformity with the adopted or draft masterplan and the relevant enabling infrastructure can be put in place, the development of sites within Carlisle South should not be held back. Earlier than expected delivery from these sites will enable the Council to meet its housing needs earlier in the plan period and provide a significant economic stimulus to the area.

17. The HBF suggest the following amendments to Policy SP3;

18. ~~A broad location for growth for a mixed use urban extension, focusing on housing, is identified on the Key Diagram at Carlisle South. The urban extension is expected to be delivered from 2025 onwards.~~

~~To support the housing development, there will be a requirement for primary and secondary schools, employment and retail sites, community facilities, open space, green and other infrastructure including highways and transport.~~

~~Piecemeal development proposals within the area which are likely to prejudice its delivery including the large scale infrastructure required for the area will not be permitted.~~

~~The development of this area will be **carried out** in accordance with; a masterplan which will be approved as a Development Plan Document.~~

- ~~**i. A masterplan for the area which will provide a comprehensive, phased and coordinated approach to site development setting out how necessary infrastructure, and the strategic infrastructure identified for the area will be delivered on a phased basis; and**~~
- ~~**ii. approved development phasing plans setting out build rates and triggers for infrastructure and demonstrating how each phase of the development is sustainable and deliverable.**~~

~~The purpose of the masterplan will be as follows:~~

- ~~1. to provide more detail on how the strategic requirements set out in this policy will be delivered;~~
- ~~2. to set a framework to guide the preparation of future planning applications;~~
- ~~3. to provide a framework against which future planning applications will be assessed;~~
- ~~4. to enable and support the co-ordination and timely delivery of infrastructure provision; and~~
- ~~5. to facilitate the delivery of land release to help address the imbalance of employment land between the north and south of the City.~~

~~The potential for the future development of a southern relief road linking Junction 42 of the M6 with the southern end of the A689 will be an integral part of the masterplan.~~

~~To ensure that Carlisle South is deliverable when required, work on masterplanning the area will commence in the early years of the plan period~~

19. A similar approach to this was adopted following modifications recommended at the examination of the Gateshead and Newcastle Core Strategy and Urban Core Plan. The current text, within Policy SP3, which relates to the masterplan, if required, could be included within the policy justification. To enable sites within the area to be brought forward prior to 2025 it is recommended that paragraph 3.37 of the submitted plan be deleted.

***Is the housing trajectory realistic, particularly given the large scale infrastructure that is required?***

20. It is unclear how the delivery targets, given a start date of 2025, have been arrived at. If the strategic location is not released until 2025 it is unlikely that housing delivery will commence on site for between two and three years. This will have a significant effect upon the overall housing trajectory within the plan.
21. It is unclear how the Council's assumed delivery of 300dpa over the last four years of the plan has been derived. We consider this rate of delivery to be overly optimistic. To achieve a delivery rate of 300dpa would require a significant number of outlets (over 10) operating at the same time. Even if sufficient outlets could operate at the same time they are likely to be competing within the same or similar market, this will inevitably have a tempering effect upon delivery rates.

***(b) How will the infrastructure required be funded and coordinated?***

22. The HBF consider this is a matter for the Council to address.

***(c) Are the timescales for the adoption of a further Development Plan Document realistic to ensure that development will commence on the site as expected?***

23. The HBF consider this is a matter for the Council to address.

**Issue 3: Whether the Council can demonstrate a five year housing land supply.**

***Q1. The Council's Five Year Housing Land Supply Position Statement (April 2015) (EB007) sets out the basis upon which the Council consider a buffer of 5% is justified. The Council elaborates on this further in its response of 31 July 2015 (EL1.002c). Does the Council's assessment of delivery justify the application of a 5% buffer?***

24. No, the HBF does not consider that a 5% buffer is appropriate in the case of Carlisle. The plain facts before the examination are that the Council has failed to meet its housing requirement since 2007. The most recent Annual Monitoring Report (AMR) (EB008, page 45) indicates that this '*persistent under-delivery*' has led to a shortfall of 1,087 dwellings up to March 2014. Whilst the Council's comments on page 8, of the *Five Year Housing Land Supply Position Statement (April 2015)* (EB007) are noted this is true of most authorities and is not considered a valid reason to suggest under-delivery has not occurred. Given the history of delivery the HBF consider that in conformity with paragraph 47 of the NPPF a 20% buffer is required.

25. Within examination document EL1.003a the Inspector indicates that the appropriate buffer should be applied to the sum of the base housing requirement and the shortfall during the plan period. The HBF agrees with the Inspectors comments and concurs that this relates to common practice elsewhere.

**Q2. Is the Council's approach justified?**

26. The HBF does not consider that a stepped approach to the housing requirement is justified. It appears that this approach is simply being advocated to provide a five year housing land supply position rather than in direct relation to need or infrastructure capacity issues. The SHMA, nor the sustainability appraisal advocate such an approach within their assessments, both consider a flat requirement only. Indeed the proposed stepped approach would not meet the identified demographic needs of Carlisle (481dpa) within the early part of the plan period and therefore its validity and sustainability must be questioned.

27. Table 1 of the *Phased Delivery Statement* (EL1.005e) is noted however the projections are not intended for such fine grained analysis and therefore its outputs must be viewed with caution. The restriction of the supply early in the plan period will simply serve to hold back the level of potential growth in the early periods of the plan and place pressure upon later phases due to the higher rates of delivery required. The restriction of supply early in the plan period would become self-perpetuating prophecy in relation to economic performance, not only from preventing sufficient migrants from moving to the area but also due to the lost revenue and jobs which house building brings.

28. Whilst the HBF acknowledges that development levels with Carlisle have been low in recent years the plan provides an opportunity to create a 'step-change' in development in the area by providing a wide variety of sites which are more attractive to the market. The economy has and will continue to play a role in the delivery of housing and as such the plan must react to this in a positive manner by identifying sites which are viable and able to deliver early in the plan period. The current stepped housing requirement will simply slow the economic progress within Carlisle ensuring that the economic success envisaged is either not met or postponed until late in the plan period.

29. Furthermore the figure of 477dpa (2013 to 2020) and 625 (2020 to 2030) do not equal the identified need for 9,605 net additional dwellings over the period 2013 to 2030. Whilst it is recognised this may be due to rounding it remains 16 dwellings short. This should be rectified to ensure internal consistency within the plan.

**Q3. What, if any, other alternatives are available to address the five year housing land supply without adopting a stepped approach?**

30. The HBF consider that a more proactive approach would be to seek to identify and provide sufficient viable and market attractive allocations early in the plan period to promote growth. The proposed Carlisle South growth area provides such potential and if it is brought forward earlier in the plan period it would provide a significant additional stimulus to house building within Carlisle. This may enable the Council to achieve its five year supply.

**Q4. Is the Council's suggested approach the most reasonable when considered against any reasonable alternatives?**

31. No, the HBF does not consider it to be the most reasonable due to the reasons provided in Q2 and Q3 above.

**Q5. Is there a realistic and reasonable likelihood that those sites included in the five year housing land supply trajectory are deliverable within the five year timeframe (assessed from 1 April 2015)?**

32. The HBF has no further comments at this stage.

**Q6. Are the Council's policies sufficiently flexible to bring alternative sites forward, including Carlisle South, should delivery of sites not come forward as anticipated?**

33. No, I refer to our response to Issue 2 Q5 above. In addition Policy HO1 identifies that;

*'Any unallocated sites which come forward for development and which would prejudice the delivery of this strategy will be resisted'*

34. This is an inflexible statement which pays no regard to the potential sustainability of the proposal nor the fact that the Council is dependent upon a significant quantity of windfalls to make up its housing requirement. The HBF therefore recommend this final sentence be deleted and unallocated sites simply be considered based upon their merits and the requirements of other plan policies.

**Q7. Does the housing trajectory align with the Infrastructure Delivery Plan?**

35. The HBF has no further comments at this stage.

**Issue 4: Whether the monitoring indicators will ensure that a five year housing land supply is maintained**

**Q1. Do the housing delivery monitoring indicators contain a timely trigger that will ensure measures are put in place promptly should the LP not be effective?**

36. In respect of the monitoring indicators for Policy SP2, within the submitted plan, the requirement for 8,475 net additional dwellings is identified over the period 2015 to 2030. This does not accord with the time period of the identified need suggested within the SHMA which is 2013 to 2030 and indicates a requirement of 565dpa over this period. It is noted that the proposed main modifications document (EL1.006b) seeks to amend this objective (MM50). We are supportive of the proposed modification increasing the time period to 2013 to 2030. However, in common with our response to Issue 3, Q2 we do not support the stepped approach and the two phases fall 16 units short of the 9,605 net additional dwellings identified in MM02.

37. The triggers are also considered to lack clarity upon when they will be engaged and the actions which will be taken. The HBF would like to see a clear trigger within Policy SP2 which commits the Council to a full or partial review of the plan, or early release of sites within Carlisle South, if it is failing for two or more consecutive years to deliver against its housing trajectory or failing to achieve a five year housing land supply.

38. The points made against SP2 above are equally applicable to Policy HO1.

**Issue 5: whether the LP will address the affordable housing needs of the area.**

***Q1. What amount of affordable housing can realistically be achieved, without any reliance on the private rented sector, having regard to the location of site allocations and the viable affordable housing targets in the various zones?***

39. The plan should not seek to rely upon the private rented sector as this does not currently fall within the definition of affordable housing, as described by the NPPF Appendix 2.
40. The HBF remains concerned that the affordable housing targets identified within Policy HO4 of the submitted plan are too high and will render a significant proportion of developments unviable. These issues are covered within paragraphs 56 to 63 of our comments upon the submission version of the plan. To aid brevity they are not repeated here.
41. The latest *Annual Monitoring Report (AMR)* (EB030) indicates affordable housing delivery rates of between 9.56% and 39.8% of the overall housing delivered between 2008/9 to 2013/14 (page 48). Whilst this may appear to justify the Council's targets it should be recognised that a significant proportion of these were not the subject of Section 106 agreements but rather were completions by Registered Providers and the release of Council owned land for affordable and extra care properties. The HBF is unaware of any analysis of the percentage delivery as a result of section 106 agreements.
42. The latest *AMR* also identifies an average delivery of just 73 affordable homes per annum between 08/09 and 13/14 (page 48). This is significantly short of the 295 per annum identified in the *SHMA* (EB002). To achieve 295 affordable dwellings per annum would require over 52% of all dwellings delivered to be affordable. This is clearly unviable. Whilst it is recognised that there are other mechanisms to deliver affordable housing the size of the need adds weight to our argument that the housing requirement figure should be increased.

***Q2. What reasonable alternatives have been considered to address the provision of sufficient affordable housing without reliance on the private rented sector?***

43. The HBF consider this an issue for the Council to address. It is, however, worth noting that the implications of the recent speech by David Cameron MP and the Housing and Planning Bill in relation to Starter Homes will need to be considered.

**Other Housing Matters:**

- Q1. The Council will be aware of the Written Ministerial Statement (WMS) to Parliament dated 25th March 2015. The statement introduces a system of Housing standards, with new additional optional Building Regulations on water and access, and a new national space standard ("the new national technical standards"). This system complements the existing set of Building Regulations, which are mandatory, and rationalises the many differing existing planning standards for housing into a simpler, streamlined system. The WMS provides comprehensive details covering plan making and decision-taking. The WMS sets out the government's new national planning***



**policy on the setting of technical standards for new dwellings. The statement should be taken into account in policies on local standards or requirements, in both plan making and decision-taking. In short, since 1 October 2015 decision takers should only require compliance with the new national technical standards. In light of the WMS are policies in the LP consistent with national policy, in particular Policy CC3 & SP9?**

#### Policy CC3

44. Within the additional notes attached to the Matters, Issues and Questions document the Inspector refers to Main Modification MM57 which would delete the reference to the Code for Sustainable Homes and BREEAM in paragraph 7.27 to Policy CC3. This main modification is not currently within the examination library. It is noted that minor modification MIN20 seeks to remove this reference. The HBF consider this to be a main modification and would support its inclusion as such.
45. The policy and supporting text are, with the deletion of reference to the Code for Sustainable Homes and BREEAM, considered to encourage rather than require developments to exceed the Building Regulations. It is, however, considered that further amendments to paragraph 7.27 are required to ensure consistency with national policy. These particularly relate to the reference to local standards. To provide a more consistent policy context the following amendments are recommended to paragraph 7.27;

*'The NPPF recognises the important role of planning in supporting a move to a low carbon future. As well as striving for energy efficiency improvements in existing and proposed buildings, the Government advises that local standards for a building's sustainability should be consistent with the Government's zero carbon buildings policy and should adopt these nationally described standards. Building Regulations set the minimum standards for the design and construction of new buildings (and extensions) with energy efficiency standards dealt with under Part L. Progress towards 'zero carbon' will be made through progressive tightening of Building Regulations. Changes to Building Regulations and the move to zero-carbon buildings will increase energy efficiency and encourage greater use of decentralised and renewable energy. **Development proposals will be assessed against the relevant Building Regulations prevailing at the time.** The Code for Sustainable Homes and BREEAM's (Building Research Establishment Environmental Assessment Method) integrated approach to construction uses the principle of the energy hierarchy to maximise cost effectiveness and minimise fuel costs. The Council will support proposals which seek to build to a higher energy level than is currently required by Building Regulations through the aforementioned methods in order to further reduce carbon emissions.'*

#### Policy SP9

46. Whilst the HBF did not make specific comments upon Policy SP9 or its supporting text, during the submission consultation upon the plan, it is noted that this makes reference to the Lifetime Homes standard. This standard has been withdrawn and replaced by an optional Building Regulations standard. The PPG, paragraphs 56-005 to 56-012, provides the relevant information upon how such requirements can be applied through the plan making process. The HBF is unaware that the Council can justify the introduction of these standards at this stage.
47. It is, however, noted that Policy SP9 and supporting paragraph 3.85 seek to encourage rather than require their provision. On this basis the HBF simply

recommend that reference to Lifetime Homes be replaced by the new optional standards, with a clear reference to encouragement rather than requirement.

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