



Planning Policy & Economic Development
Nuneaton & Bedworth Borough Council
Town Hall
Coton Road
Nuneaton
CV11 5AA

SENT BY E-MAIL AND POST

18th December 2015

Dear Sir / Madam

NUNEATON & BEDWORTH PRE SUBMISSION LOCAL PLAN 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 appear at future 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 Council must co-operate with other prescribed bodies to maximise the effectiveness of plan making. The Duty to Co-operate requires the Council to "*engage constructively, actively and on an on-going basis*". The high level principles associated with the Duty to Co-operate are also set out in the National Planning Policy Framework (NPPF) (paragraphs 156, 178 – 181). In addition there are twenty three paragraphs in the National Planning Practice Guidance (NPPG) concerning the Duty to Co-operate.

In considering 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 Plan. One required outcome is the delivery of full objectively assessed housing needs (OAHN) for market and affordable housing in a housing market area (HMA) as set out by 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).

Nuneaton & Bedworth Borough Council is part of the Coventry & Warwickshire Housing Market Area (HMA) as such Nuneaton & Bedworth has a role to play in the meeting of full OAHN across the HMA including any unmet needs arising from Coventry city. This strategic matter was highlighted by the Inspector examining the Warwick Local Plan in his Interim Report. The Inspector suggested that as a consequence of the Coventry & Warwickshire HMA authorities failing to resolve the strategic matter of Coventry's unmet housing needs the Warwick Local Plan should be withdrawn from examination. Subsequently the Coventry & Warwickshire HMA authorities have worked together to resolve this matter as illustrated by the Report to the Coventry & Warwickshire and South West Leicestershire Shadow Economic Prosperity Board dated 29th September 2015 together with Memorandums of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire HMA. This report includes a figure of 14,060 dwellings (703 dwellings per annum) for Nuneaton & Bedworth rather than the 10,040 dwellings as set out in the Pre Submission Local Plan. The Pre Submission Nuneaton & Bedworth Local Plan as proposed makes no provision for unmet needs from Coventry therefore the full OAHN will not be met in the Coventry & Warwickshire HMA. Nuneaton & Bedworth's omission of this unmet need results in an unmet need of 4,020 dwellings across the HMA. This figure is equivalent to the 4,680 dwellings of undistributed unmet housing needs which caused the Warwick Local Plan Inspector to suggest that the Warwick Local Plan was withdrawn from examination. It is understood that Warwick District Council will be raising objections to the Nuneaton & Bedworth Local Plan as set out in the letter to the Inspector dated 14 October 2015 (paragraph 11) because of Nuneaton & Bedworth's lack of co-operation. It is possible that other Coventry & Warwickshire HMA authorities will also submit objections. This is a serious failing of the Duty to Co-operate. Moreover it also undermines the soundness of the Nuneaton & Bedworth Local Plan.

OAHN and the Housing Requirement

Policy NB2 – Scale & Location of Development proposes a housing requirement of 10,040 dwellings over the plan period 2011 – 2031.

The OAHN is set out in the latest updated Coventry & Warwickshire SHMA Report by G L Hearn dated August 2015. The housing requirement figure of 10,040 dwellings (502 dwellings per annum) is based on demographic projection of 8,580 (429 dwellings per annum) plus an uplift for economic growth within the HMA of 73 dwellings per annum. However the figure of 10,040 dwellings excludes any unmet needs from Coventry. The latest report to the Shadow Economic Prosperity Board proposes a housing requirement for Nuneaton & Bedworth of 14,060 dwellings including unmet needs from Coventry.

Demographic projections

The NPPG sets out that household projections produced by DCLG are the starting point for OAHN (ID 2a-015-20140306). The NPPG confirms that the 2012 Sub National Household Projections (SNHP) are the most up to date estimate of household growth. Whilst it is agreed that the appropriate starting point for the calculation of OAHN is the 2012 SNHP as set out in "PAS Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition" dated July 2015 further sensitivity testing of migration trends, unattributable population change (UPC) and household formation rates (HFR) are also necessary.

This sensitivity testing is necessary because :-

- the 2012-based population projections do not take UPC into account and this may be a reasonable judgement for England as a whole because as the ONS explains, the UPC for England is within the confidence interval for the international migration estimates and the sum of the confidence intervals for the 2001 and 2011 censuses. However the argument is less persuasive at the individual LPA level where for many authorities UPC is large compared with both the population change recorded between the two censuses and the confidence intervals on the census numbers. There are 91 LAs for which UPC is more than 50% of the recorded population change between two censuses and 85 for which it is more than twice the confidence interval for the 2011 census population counts (Article "Making Sense of the New English Household Projections" by Ludi Simpson & Neil McDonald in Town & Country Planning April 2015) ;
- migration data forms an important component of population estimates that underpin household projections published by the DCLG. Unfortunately however it is also known that the population estimates on which household projections are based have "persistently underestimated" migration to the UK. The 2012-based population projects (using historic trend data from a period affected by recessionary trends) had estimated a net annual migration level of 165,000 into the UK – just half the total suggested by the most recent ONS figure. Indeed the latest quarterly update on migration patterns into the UK published by ONS reveal net long-term international migration of 330,000 in the year to March 2015 which is the highest figure ever recorded and a "statistically significant increase" on the net migration level of 236,000 in the 12 months to March 2014. Hence it is no longer credible for OAHN to be based on low net migration projections when the reality has been shown to be consistently higher suggesting that the UK is now on a stable growth trajectory with no reason to believe that migration numbers will decline at any time soon. It has now been 15 years since net international migration was as low as set out in the 2012 SNPP. Therefore nationally the shortfall in housing supply is growing even faster than expected so an upward adjustment is necessary ;
- the case for adjusting the 2012 SNPP to reflect longer term migration patterns has also recently been strengthened by the London Plan Inspector accepting the GLA's proposal based on migration patterns partially returning to previous trends. The effect is that the draft London Plan is based on a net outflow over the period 2012-37 that is 380,000

larger than that suggested by the 2012 SNPP. Unless LPAs outside London make complementary adjustments no one will be planning to house those people. (London Plan Inspector's Report on the Examination in Public into the Further Alterations to the London Plan, 18 November 2014) ;

- trend based household projections “plan in” deterioration of HFR. It is acknowledged that the 2012 SNHP incorporate more of a move back to longer term trends than the 2011 interim SNHP. So although the 2012-based SNHP draw upon longer term trends since 1971 the methodology applied by DCLG means that they have a greater reliance upon trends experienced over the last 10 years than to those experienced over the longer term. The implication of this bias is that the latest household projections continue to be affected by the recently observed trends from a period of suppressed household formation associated with the impacts of the economic downturn, constrained mortgage finance and past housing undersupply as well as the preceding time of increasing unaffordability which also suppressed HFRs (see page 19 of the *Household Projections 2012-based: Methodological Report* by DCLG dated February 2015). Therefore given that younger households were particularly affected by these past trends and evidence shows that HFR are likely to recover as the economy improves (Town & Country Planning Tomorrow Series Paper 16, “*New estimates of housing demand and need in England, 2001 to 2031*” by Alan Holman) it is contended that the Council should have applied a sensitivity test to consider the impact of improving HFR in younger age groups.

It is considered that G L Hearn work in calculating OAHN for Coventry & Warwickshire HMA does not give sufficient consideration to these factors in its assessment of demographic projections. It is also noted that Coventry's population is one of the fastest growing populations outside of London therefore the Coventry & Warwickshire HMA is particularly susceptible to the impacts from changes to these contributory factors in calculating OAHN.

Supporting economic growth

The approach to supporting economic growth across the HMA is confusing. It seems to be a re-distribution rather than an uplift. Further clarification is necessary.

Market signals

The NPPG also confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306). There appears to be no uplift for worsening market signals in the G L Hearn work.

Meeting affordable housing needs

Paragraph 47 of the NPPF requires an assessment of OAHN for both market and affordable dwellings. The NPPG advocates that an increase in the total housing included in a Local Plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029-20140306). 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), Hickinbotton J stated that a failure to respond to affordable housing is a policy choice. Again there is no proposed increase in the housing requirement.

Meeting unmet housing needs in the HMA

As previously set out above under Duty to Co-operate the Council is not meeting any unmet needs from Coventry. In conclusion the Nuneaton & Bedworth Pre Submission Local Plan is unsound because full OAHN in the Coventry & Warwickshire HMA are not met.

Land Supply

Policy NB3 – Settlement Hierarchy & Roles identifies a settlement hierarchy of Nuneaton, Bedworth, Bulkington, Keresley and Ash Green / Neals Green. Most development will be directed to Nuneaton. Under **Policy NB2** 7,245 dwellings of the 10,040 dwellings will be accommodated on six identified strategic sites. The remaining 2,795 dwellings will be accommodated within the boundaries of the urban areas of Nuneaton, Bedworth, Bulkington, Keresley and Ash Green / Neals Green as defined on the Proposals Map. It is important that the Council's proposed housing distribution recognises the housing supply and affordability issues facing communities living beyond Nuneaton and Bedworth. The NPPG emphasises that all settlements can play a role in delivering sustainable development in rural areas so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided. One of the Core Planning Principles 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"*. This principle is re-emphasised in paragraph 55 of the NPPF which states *"to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities"*.

In the latest Report the Council does not have a 5 year housing land supply (YHLS). The latest calculation is 2.46 years. This calculation is based on an annualised housing requirement of 495 dwellings per annum, a Sedgfield approach to shortfalls and 20% buffer applied to the annualised housing requirement only and not the shortfall. The 5 YHLS position will worsen if the annualised requirement is increased above 495 dwellings per annum for example the 703 dwellings per annum set out in the latest Coventry & Warwickshire SHMA and the buffer is added to the shortfall as well as the

annualised housing requirement. With regards to the application of the buffer to the shortfall the Council is referred to :-

- the Warwick Local Plan Examination Inspector's letter dated 1st June 2015 (paragraph 41) ;
- the letter dated 10th August from the Inspector examining the Amber Valley Local Plan "*the joint letter from Ms Kingaby (Inspector examining the South Derbyshire Local Plan) and myself dated 10 December referred to appeal ref 2199085 as the SoS's model for adding the buffer to the sum of the 5-yr target and the shortfall. Although the Council refers to the Cheshire East decision ref 2209335 (Gresty Lane) where the SoS took a different approach, PINS is not aware of any other SoS decision in which the calculation was made in that way. The Cheshire East method is outside the SoS's 'normal' approach. The model set out in 2199085 is therefore the one which should be followed*" ;
- the West Dorset Weymouth & Portland Joint Local Plan Inspector's Final Report dated 14th August 2015 (paragraphs 85 & 86) ;
- the Herefordshire Local Plan Core Strategy Inspector's Final Report dated 29th September 2015 (paragraph 48) ;
- East Staffordshire Local Plan Inspector's Final Report dated 7th October 2015 (paragraph 101) ;
- Torbay Local Plan Inspector's Final Report dated 12th October 2015 (paragraph 46).

If there is not reasonable certainty that the Council has a 5 YHLS the Local Plan cannot be sound as it would be neither effective nor consistent with national policy. Moreover if the 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*".

For the Council to produce a sound Plan the Council should be considering the allocation of more sites. When allocating sites the Council 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 been 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 Nuneaton & Bedworth Local Plan is to be compliant with national policy, the Council must satisfy the requirements of paragraphs 173 and 174 of the NPPF whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened.

The residual land value model is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact on viability. Therefore it is important to understand and test the influence of all inputs 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 Council’s latest Viability Study prepared by Dixon Searle Partnerships dated December 2014 recommended £40 - £50 square metre for Community Infrastructure Levy (CIL) for residential developments under 298 dwellings outside the strategic sites, £0 square metre for CIL on the strategic sites and 20% - 25% affordable housing provision.

However **Policy NB9 – Affordable Housing** proposes on sites of more than 15 dwellings 25% affordable housing provision and on sites of 11 – 14 dwellings 20% affordable housing provision subject to viability. The Council should be mindful that it is inappropriate to set unachievable policy obligations. Under paragraph 174 of the NPPF the Council must properly assess viability. 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. Therefore site by site negotiations should occur occasionally rather than routinely. In this context it would be prudent for the Council to propose the lower end rather than the top end of the range of affordable housing provision recommended by its own consultants because negotiations invariably cause delay and further costs.

The Council’s own Viability Study consultants also suggest policies are clear to avoid perception of double dipping between S106 payments and CIL. This advice is relevant to **Policy NB11 – Ensuring the Delivery of Infrastructure Provision**.

In conclusion it is recommended that the Council re-considers its policy requirements including affordable housing provision in relation to viability and deliverability.

Other Policies

It is known that the Government wishes to streamline the planning system and to rationalise many differing existing standards into a simpler system which will reduce policy burdens and deliver more much needed housing. The Deregulation Bill 2015, which received Royal Assent in March 2015, specifies that Councils should not set any additional local technical standards or

requirements relating to the construction, internal layout or performance of new dwellings. The only technical standards that can now be considered and incorporated into Plans are restricted to the nationally described space standard, an optional requirement for water usage and optional requirements for adaptable / accessible dwellings. However to do so the Council should provide supporting evidence on need, viability, affordability and timing in order to assess the impact and effect of this policy in the local area. The Written Ministerial Statement dated 25th March 2015 confirms that “*the optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the NPPG*”.

In this context the Council should re-consider **Policy NB22 – Renewable & Low Carbon Energy** and **Policy NB23 – Sustainable Design & Construction**. Indeed the Council’s own Viability Study in paragraph 5(viii) recommends “*not going beyond standards*” the HBF would concur with this conclusion. Moreover as proposals under **Policies NB22** and **NB23** are inconsistent with national policy it is suggested that these policies should be deleted.

Conclusions

For the Nuneaton & Bedworth Local Plan to be found sound under the four tests of soundness as defined by paragraph 182 of the NPPF, the Plan should be positively prepared, justified, effective and consistent with national policy. The Pre Submission Local Plan is unsound because of :-

- An under estimation of OAHN ;
- Not meeting full OAHN in the Coventry & Warwickshire HMA because Nuneaton & Bedworth is failing in its role to assist in meeting unmet housing needs from Coventry ;
- No 5 YHLS on adoption ;
- Unjustified policy requirements which are unviable and threaten housing delivery.

Therefore the Plan is inconsistent with national policy. It is not positively prepared nor justified so it will ultimately be ineffective.

It is hoped that these representations are of assistance to the Council in informing the next stages of the Nuneaton & Bedworth Local Plan. In the meantime if any further information or assistance is required please contact the undersigned.

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



Susan E Green MRTPI
Planning Manager – Local Plans
e-mail: sue.green@hbf.co.uk
Mobile : 07817 865534