



THE HOME BUILDERS FEDERATION

Forward Planning
Scarborough Borough Council
Town Hall
St Nicholas Street
Scarborough
YO11 2HG
Email: localplan@scarborough.gov.uk

Date: 18th December 2015

Sent by Email only

Dear Sir / Madam,

Scarborough Borough Local Plan (Proposed Submission)

1. Thank you for consulting with the Home Builders Federation (HBF) on the Local Plan.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. We would like to submit the following comments which are generally set out in plan order. **The HBF would also like to attend the examination in public to debate these matters further.**

General Comments

4. The HBF is keen to work with the Council in order to achieve an adopted local plan which enables an increase in the rate of house building across Scarborough. It is pleasing to note that the Council has modified the plan since the last stage of consultation in response to some of our previous concerns.
5. There are, however, a number of key areas where our concerns remain and it is considered that the plan would benefit from further evidence prior to submission, or modification to the submission document. The following comments are provided based upon our substantial experience of local plan examinations across the country.

Duty to co-operate

The Council has not provided evidence to indicate how it has discharged its requirements under the Duty to Co-operate.

6. The plan and background evidence lacks any real detail upon what, if any, actions the Council has taken to fulfil its requirements under the duty to co-operate. This is despite the report upon the previous consultation suggesting, in response to our comments, that a full *Duty to Co-operate Statement* would be published alongside the next iteration of the plan. This is disappointing and makes commentary upon the duty difficult.
7. It is noted that the 2015 background paper *Delivering a Local Plan Housing Target (Including an Objective Assessment of Housing Need)* (2015 OAN paper) and the 2014 *Annual Monitoring Report* (2014 AMR) provide some discussion upon the approach being taken by neighbouring Local Authorities and the activities of officers in seeking to discharge the duty.
8. In terms of housing it is noted paragraph 2.21 of the 2015 OAN paper indicates that no neighbouring authority has thus far approached Scarborough to take any of its housing needs and the 2015 *Strategic Housing Market Assessment* (2015 SHMA) suggests that Scarborough is a self-contained market area. It is, however, noted that it falls below the 70% of internal moves suggested by the National Planning Practice Guidance (PPG), paragraph 2a-011. It is also noted that neighbouring authorities did not raise any issues under the duty at the previous stage of consultation.
9. Whilst at this stage the HBF has no reason to doubt that the Council has discharged its duties the lack of tangible evidence upon cross-boundary agreements and actions means that we wish to reserve our position on this issue and will address this in light of evidence put before the examination.

Recommendation

10. It is recommended that the Council produce a background paper on the duty to co-operate prior to submission of the Local Plan. This paper should identify the issues of cross boundary significance, the engagement which has taken place and the material actions taken which have effected plan preparation.

Plan Period

11. The HBF note that the plan period has been extended from the previous consultation to 2032. This conforms to our previous comments upon this matter and the NPPF preference for a 15 year time horizon. The HBF is supportive of this change.

Scarborough Borough in 2030: Vision, Aims and Objectives

12. The HBF would like to make the following comments upon the vision, aims and objectives.

Vision

13. The vision is generally welcomed. It is considered an improvement to the vision set out within the previous consultation, providing greater spatial emphasis. The references to expanding the economy and provision of housing are particularly welcomed.

Aims

14. The HBF generally supports the inclusion of bullet points 3 and 4, concerning housing and the economy respectively. It is considered that bullet point 3 could be strengthened by reference to meeting the full needs of the area. A simple possible amendment could state; *'To facilitate the delivery of a range of housing to meet local needs in full'*. This amendment will ensure that the plan is more closely aligned with the ethos of the NPPF, particularly as Scarborough is not seeking assistance from neighbouring authorities to deliver its housing needs.

Spatial Objectives – Objective 3

Spatial objective 3 is considered unsound as it is not positively prepared.

15. The HBF generally supports the spatial objectives. Spatial objective 3 is, however considered to lack aspiration and is not positively prepared. The current wording of the spatial objective seeks to provide *'sufficient supply'*. This wording does not provide a positive message that the Council is seeking to fulfil the NPPF requirement to boost significantly the supply of housing.

Recommendation

16. It is recommended that objective 3 be amended to read;

'To deliver a sufficient supply of land to which meets the requirement for full housing needs of the area'

Policy DEC1: Principles of Good Design

The policy is considered unsound as it is contrary to national policy.

17. The HBF supports good design and indeed is a key partner in Building for Life 12 (BfL12). The policy sets out many elements which are important design principles. Part b of the policy refers to energy efficiency, our concerns lay with the second part of the policy which states;

'...and, how buildings have been made more energy efficient thereby reducing carbon emissions from development'

18. The Council will be aware that following the Government's National Housing Standards Review, which was finalised in March 2015, local authorities can no longer apply additional energy standards relating to the construction, internal layout or performance of new dwellings. As recognised by paragraph 5.18 of plan, this is solely a matter for Part L of the Building Regulations and as such the plan should not be seeking to place further requirements upon developers. This is directly contrary to the Housing Standards Review.

Recommendation

19. It is recommended that part b is amended to read;

'that the layout, orientation and design of buildings (where these factors are not otherwise constrained) helps to reduce the need for energy consumption, and, how buildings have been made more energy efficient thereby reducing carbon emissions from development';

Policy DEC 2: Electric Vehicle Charging Points

The policy is unsound as it is not justified by evidence.

20. The policy requires every new residential garage and parking bay to be equipped with an electrical socket suitable for charging electric vehicles. There is no consideration of the costs or viability of such a policy nor the impact upon the design of new buildings or developments. The NPPF does not make such stringent requirements, paragraph 35 is clear this is only where practical and by no means seeks this to be a requirement for every property.

Recommendation

21. It is recommended that the policy be deleted due to the lack of justification.

Policy HC1: Supporting Housing Development

The Policy is considered unsound as it is not justified, effective or positively prepared.

22. The plan identifies a requirement for around 9,681 dwellings over the plan period (2011 to 2032), which equates to 461 dwellings per annum (dpa). The HBF welcomes the amendment to the previous consultation which replaces the '*...delivery of around...*' with '*...the delivery of a minimum...*'. This change accords with our previous comments and is considered to provide a more positive framework for the housing allocations and identify that the Council is aiming to boost significantly housing supply.

23. The methodology utilised for assessing the objectively assessed housing needs of the area is set out within the background paper *Delivering a Local Plan Housing Target (Including an Objective Assessment of Housing Need)* (2015 OAN paper). The HBF notes that the proposed housing requirement figure set within the plan accords with the 'High' economic growth forecast figure for the area. The HBF is supportive of aligning housing and economic growth scenarios and indeed the PPG advocates such an approach (paragraph 2a-018). Whilst we are generally supportive of this alignment we consider that the methodology, assumptions and conclusions underestimate the overall needs within Scarborough and as such we request a moderate uplift be considered. It should be noted that, at this stage, the HBF has not undertaken any modelling to determine an objectively assessed housing

need for Scarborough and therefore the uplift required has not be quantified. Our concerns are set out below.

Demographic Factors

24. The Council's 2015 OAN report correctly utilises the 2012 based sub-national household projections (2012 SNHP) as the starting point for objectively assessing housing needs. The 2012 SNHP are driven by three key elements; natural change (births and deaths), migration (international and national) and headship rates. The 2015 OAN report considers migration and natural change but does not question the validity of the headship rates in relation to Scarborough. This is important as the 2012 SNHP have been heavily influenced by the proceeding five years which were characterised by a period of recession. This is likely to have had a dampening effect upon the 2012 SNHP. Paragraphs 6.13 to 6.15 of the 2015 PAS guidance *Objectively Assessed Need and Housing Targets: Technical advice note* recognises this point and therefore suggest that alternative scenarios are tested. This is common practice in most OAN studies. Whilst untested at this stage such scenarios are likely to indicate a need to uplift the baseline demographic needs due to the effect of the recession in suppressing rates of migration and household representation rates. The PPG also supports such an approach noting that;

'The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing' (PPG ID 2a-015).

25. This is an important issue which has been overlooked within the study, particularly in relation to the economic scenarios, described as 'medium', 'high' and 'very high'. Each scenario is constructed using a simplistic and static household size calculation of 2.03 persons per household (tables 4.11 to 4.13). This simplistic methodology takes no account of the propensity of differing age groups to form new households. The 2.03 household size figure is based upon the trends predicted within the 2012 SNHP (Appendix 1, 2015 OAN paper). This figure therefore takes no account of the need to increase the younger age population to fill the jobs created and their propensity to form households. This group were particularly hard-hit by the recession and as such the household representation rates are likely to have been significantly depressed in the past. The availability of jobs combined with government stimuli, such as *Help to Buy* and *Starter Homes*, will inevitably lead to higher rates of household formation than has been projected within the 2012 SNHP.

26. The HBF therefore recommend further consideration be given to household formation rates across all age cohorts but particularly the younger age groups.

Market Signals

27. The PPG, paragraph 2a-019, identifies a series of market signals which should be considered. These include land prices, house prices, rents, affordability, rates of development and overcrowding. According to the PPG a worsening trend in any indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (paragraph 2a-020). Whilst considering all other market signals identified within the PPG the 2015 OAN paper does not consider land prices. This is a flaw in the evidence base which should be rectified prior to submission.
28. In conformity with the PPG the Council also utilises comparator areas. Whilst it is recognised that the chosen areas are based upon the ONS 2011 Area Classifications the use of distant comparator areas is not necessarily useful as they operate in completely different housing market conditions, particularly as all are southern based where house prices are greater. It is therefore considered unlikely to provide a good comparator for the purpose of housing market signals. Furthermore the data analysis is considered to be over too short a timescale, only stretching back to 2010. Longer term analysis would be more useful.
29. Notwithstanding the above comments, the HBF agree that the majority of the market signals tested would not, at face value, appear to indicate a need for a significant uplift of the housing number. The exceptions to this are rate of development and affordable housing need.
30. In terms of the rate of development the Councils comments within paragraph 5.11 and section 8 of the 2015 OAN report are noted. However, the plain facts are that the Council has under-delivered against its relevant housing requirement for a significant period of time and as such this under-delivery will have affected the household projections and formation rates going forward. It would therefore appear appropriate to provide an uplift upon the housing scenarios.
31. In terms of affordability it is noted that the rate for lower quartile earnings compared to lower quartile prices stands at 6.2. Whilst this has not varied significantly over the period since 2010 it is highly likely that a longer term view would indicate significant increases. The size of the figure alone (6.2) indicates a need to address this through an uplift. However, once this is considered alongside the actual need for affordable housing 339dpa over the plan period, section 9.1 (2015 OAN report) or 74% of the proposed housing requirement, this suggests a real need to address this significant issue. In such cases the PPG advises;
- 'An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes'.* (ID 2a-029)
32. The HBF therefore considers that an uplift in the housing requirement can be justified by the identified need for affordable housing and previous rates of development.

Converting households into a dwelling requirement

33. The study does not appear to make any adjustment for the number of empty dwellings or second homes anticipated over the plan period. Paragraphs 4.36 and 4.38 of the 2015 OAN report indicate that it is assumed the percentage of these will remain constant over the plan period. Whilst this may be the case, and HBF has no information to suggest otherwise, these rates should be added to the need for newly forming households. For example if the combined rate of empty homes and second homes stood at 1% and there was an annual need for 100 households the resultant dwelling requirement would be 101 to fulfil this need. In respect of Scarborough this would require between an 8 to 9% uplift upon the household requirement.

Conclusion

34. The HBF consider that the proposed housing requirement is too low and a moderate uplift is recommended. This uplift should be applied after taking account of the need to convert the household needs to a dwelling requirement. In determining the level of uplift required the Council should have regard to the issues raised above.

Paragraph 6.16

35. The HBF is supportive of this paragraph which notes that windfalls and rural exception schemes are not included within the supply. This will provide additional flexibility which is in conformity with the NPPF. It is noted, paragraph 6.17 that over the past 10 years approximately 2,093 dwellings have been provided through windfalls, including 735 since 2011/12. Whilst this is promising and suggests a healthy level of windfalls may be expected it should be recognised that this level of delivery is likely to reduce significantly in future years. This is due to the effect of having an up to date plan with allocations and a more robust and fine grained evidence base, through the Strategic Housing and Employment Land Availability Assessment (SHELAA).

Policy HC 2: New Housing Delivery

The policy is considered unsound as it will not be effective.

36. The HBF does not wish to comment upon the acceptability or otherwise of individual allocations. It is, however, noted that the plan identifies that it is allocating sufficient land for 6,350 dwellings over the plan.

37. The Council suggest sufficient land is provided through allocations for 6,350 dwellings, this is greater than the resultant need for allocations identified within paragraph 6.12 of 5,130 dwellings. The HBF supports the inclusion of a buffer of sites. Our reasoning for this is two-fold. Firstly the plan housing requirement is identified as a minimum to conform to NPPF requirements to boost supply and plan positively. It therefore stands to reason that the plan should seek to surpass this requirement. Secondly a buffer will provide a balance against the inevitable under or none delivery from some existing commitments or proposed allocations. This is particularly important in Scarborough due to the history of under-delivery against

housing targets within Scarborough, as demonstrated by the Annual Monitoring Reports (AMRs).

38. Whilst a buffer is welcomed the HBF query whether it is sufficient to ensure that the housing requirement is met in full. This concern is fuelled by the previous levels of delivery and the need to increase the supply of housing in Scarborough. The proposed supply is simplified below;

Source	No. dwellings
Completions since 2011	1083
Proposed Allocations	6350
Permissions*	2748
Other Sources	720
Total	10,901

Source 2015 SHELAA and Submission Plan,

* Including small discount to account for unimplemented permissions

39. The proposed housing requirement over the plan period is 9,681, the table above therefore indicates a buffer of almost 13%. This buffer is however inflated as it does not account for the fact that the strategic site at Cayton is likely to deliver beyond the plan period. Furthermore it requires 97% of all extant permissions to deliver as specified and a further 720 to be delivered in full which are either subject to section 106 or awaiting permission. Whilst the HBF notes and broadly agrees with the calculation for lapse rates of permissions identified within the 2015 SHELAA this is a high figure and degree of caution is recommended. The failure of the latter two sources combined with the uncertainty surrounding the actual delivery in the plan period at Cayton would make the overall buffer significantly more fragile.

40. Whilst the non-inclusion of windfalls will provide additional flexibility, as noted above (see paragraph 35) it is considered this source will diminish once the plan is adopted. To ensure delivery of the plan requirement the HBF would wish to see further information relating to the delivery rates at Cayton, the implementation rate of other sources and not just planning applications. It is recommended that a buffer of at least 10% is applied which when added to the flexibility provided by windfalls should enable the housing requirement to be delivered in full.

Policy HC3: Affordable Housing

The policy is unsound as it is not justified nor effective.

41. The need for affordable housing within Scarborough is clearly evidenced within the Strategic Housing Market Assessment. The targets and types of affordable housing proposed in parts of the area are not, however, considered to be adequately justified.

Targets

42. The policy proposes a variable affordable housing rate dependent upon the location and size of development. The rates range from financial contributions on sites of less than 10 (except in the Whitby, Northern and

Western Parishes area where the threshold is less than 5) to a 40% requirement on sites of 15 or more in the Whitby, Northern and Western Parishes area.

43. Whilst the need for affordable housing is not disputed the NPPF also requires that the full cumulative burdens of plan policies and obligations, including affordable housing, do not place undue burdens upon developments ensuring that both developers and land owners can achieve competitive returns (paragraphs 173 and 174). The Council's evidence upon viability is contained within the '*Affordable Housing Economic Viability Assessment, 2011*' (AHEVA). Despite our concerns raised with regards to this study during the previous consultation it is noted that the Council has not sought to update the study to take account of proposed additional policy requirements such as Policy HC6 nor have the assumptions been up dated, such as the increase in build costs, additional risk involved in developing affordable housing, etc. The HBF therefore remains, concerned that a full analysis of the cumulative impact upon viability has not been undertaken. This is contrary to the NPPF.
44. The AHEVA only undertakes an assessment of viability against code level 3 of the Code for Sustainable Homes, with an exception in scenario 5 which looks at code level 4. The Council will be aware of the Government's push towards zero carbon homes by 2016 which will be delivered through the Building Regulations. Whilst the code has been wound down the new Building Regulations requirements will effectively require developments to comply to a minimum of code level 4. This is a significant additional cost to those assessed within the AHEVA which will undoubtedly impact upon viability. It is noted that these are subject to a sensitivity test within appendix 2, table 5. This highlights the significant impact that the additional build costs will have upon viability making many of the tested scenarios either unviable or marginal. Given the fact that these changes are mandatory these should be a core scenario and considered alongside other policy requirements or increases in build costs.
45. The AHEVA also assumes a developer return on GDV of 17.5%. Whilst acceptable developer returns are variable dependent upon a number of factors ranging from the risks associated with a site to investor and lending institution requirements; 17.5% is unlikely to be acceptable in many cases in current market conditions. The appeal case (APP/X0360/A/12/2179141) at the Manor, Shinfield, Reading identifies that a 20% profit on GDV is reasonable (paragraph 44). This is increasingly important given the added risks inherent with delivering affordable housing due to the impact of social rent reductions (see below). It is noted that a sensitivity test of this scenario is undertaken, however, the full impact cannot be sure as it is not also tested alongside other implications such as the costs included with increased requirements for energy efficiency within the Building Regulations. The HBF has concerns with a number of other assumptions within the AHEVA and would welcome further discussion with the Council prior to submission to ensure that the plan is based upon a robust analysis of viability under current market conditions.

46. Recent levels of affordable housing delivery do not provide comfort that the affordable housing targets are realistic. The most recent Annual Monitoring Report identifies just 32 affordable housing completions in the year 2013/14, compared to a plan period need of 339 per annum. This equates to just 20.5% of the housing delivery. Indeed since the start of the plan period just 173 affordable units have been delivered. The HBF would be keen to see a breakdown of actual delivery of affordable housing against the proposed targets.

Flexibility

47. It is recognised that the policy does provide scope for negotiation based upon viability grounds. Whilst the HBF supports such flexibility this should not be used to support unviable policies. It is incumbent upon the Council to ensure that its policies are viable in the majority of cases with open-book assessments reserved for sites with particular issues.

Mix

48. The policy also identifies a specific requirement for social rented properties. The current wording of this section is confused and requires clarification. The policy should provide flexibility within the wording to allow variations upon these requirements for a number of reasons. Firstly flexibility can allow for site issues such as viability or local circumstances, including local need, to be more easily accommodated.

49. Secondly, the Council will no doubt be aware of the current issues facing social housing providers due to the impact of the Government's welfare reforms. This is having a significant 'knock-on' effect for private housing developers who are increasingly struggling to find partners for social rented affordable housing products. This is making the provision of affordable housing, particularly social rented products less viable for our members. The recent ministerial letter to all Councils, dated 9th November 2015, urged flexibility in the application of affordable housing requirements due to the impacts associated with the social rent reductions.

50. Finally the policy does not reflect the incoming requirement for the provision of 'starter homes'. Whilst it is recognised that, at the time of writing, the details are still emerging the policy will need to provide adequate consideration of this, and the impact upon viability, prior to the examination.

Recommendation

51. The HBF recommends that the Council undertake further viability work to ascertain the relevant levels of affordable housing which can be provided across Scarborough. The assessment should take account of the full cumulative impact of all council policies and obligations and take account of the costs associated with the Government's push towards zero carbon and current industry requirements.

52. The policy should also provide greater flexibility in terms of the mix of affordable housing to be provided on-site to allow for current issues

surrounding social rent reductions and the impending introduction of starter homes.

Policy HC5: A Balanced Housing Market

The policy is unsound as part d relating to a requirement for Lifetime homes is not justified and is contrary to national policy.

53. The HBF is supportive of the provision of housing to meet the needs of the older population. It is noted that Scarborough, like many other places, has an ageing population. The requirement for Lifetime Homes even where practical is, however, unjustified.
54. The Council will be aware that through the Housing Standards Review the Lifetime Homes standard was withdrawn and replaced with optional accessibility standards within the Building Regulations. The PPG (paragraph 56-007) identifies which criteria must be considered through the examination process to enable the introduction of the optional standards.
55. Whilst the SHMA provides some of this information significant elements are missing. Specifically the viability evidence does not fully consider the costs of implementing such a requirement, although reference to Lifetime Homes is noted, nor does it provide any comfort that such requirements would be viable. Furthermore there is no assessment of the accessibility of the current stock.

Recommendation

56. Given the lack of supporting information required to implement the policy the HBF recommend part d of the policy be deleted. All reference to the Lifetime Homes within the supporting text should also be deleted.

Policy HC 6: Older Persons Housing

The policy is unsound as it has not been justified.

57. Whilst this policy refers to wheelchair accessible dwellings the issues referred to in relation to Policy HC5 upon Lifetime Homes are equally applicable to this policy. In aid of brevity they are not repeated here.
58. It is noted that the second paragraph of the policy is contradictory in that it aims to encourage on the one hand and then requires all dwellings to be wheelchair accessible or readily adaptable. Given the lack of justification noted above it is suggested that the most the Council can do at this stage is encourage such development.

Recommendation

59. The second paragraph either be deleted or amended to read;

'The Borough Council aims to ensure that older people are able to secure and sustain independence in a home appropriate to their circumstances and actively encourage developers to build all new homes so that they can be readily adapted to meet the needs of those with disabilities as

well as assisting independent living at home. All units should be designed to be wheelchair accessible or readily adaptable'.

60. Furthermore all necessary changes to the supporting text should be made.

Policy EG 2: Jobs and Skills and Employment Training

The policy is not considered sound as it is not justified.

61. The HBF is supportive of delivering appropriate employment and training opportunities and indeed many of our members already provide successful training and apprenticeship schemes.

62. On developments creating a significant number of jobs the policy seeks that the Council will enter into section 106 agreements. The use of the term significant is not helpful as it does not provide any certainty. Furthermore the HBF queries whether the inclusion of such a requirement can be justified in relation to the tests set out within regulation 122 of the CIL regulations. Even if such a requirement could be justified the impact upon viability would need full consideration.

63. If evidence were provided which justified the inclusion of this policy it is recommended that it specifically reference existing employment and skills programmes which are operated by our members would be given due consideration. To not do so would undermine these existing programmes.

Reviewing the Local Plan

The review mechanisms are considered unsound as they would not be effective.

64. The HBF supports the Council's commitment to undertake a review of the local plan where it becomes apparent certain policies or the plan as a whole is being ineffective. The consistent under-delivery of housing is identified as such a possibility which would require a review. Whilst the general statement is supported the monitoring framework does not provide any specific triggers which would lead to a review, in this context it is considered to be ineffective, as there is no firm commitment.

Recommendation

65. The HBF recommends that the Council consider specific triggers, such as the lack of a five year housing supply, or persistent under-delivery of the housing target for three consecutive years to trigger an early review of the plan.

Information

66. The HBF would like to be kept informed of the progress of this document. In particular we would like to be made aware of the following;
- Submission of the plan for examination;

- The publication of the examiner's recommendations and any publicly available correspondence regarding the plan; and the
- Adoption of the plan

67. As the HBF representative for planning matters across the north of England I would like to be kept informed of any other planning documents within Scarborough and therefore request that my details are retained on your consultation database.

Yours sincerely,

MJ Good

Matthew Good
Planning Manager – Local Plans
Email: matthew.good@hbf.co.uk
Tel: 07972774229