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SENT BY E-MAIL AND POST

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Dear Sir / Madam

## **COVENTRY 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.

### **Objectively Assessed Housing Needs (OAHN)**

Coventry City forms part of the Coventry & Warwickshire Housing Market Area (HMA) together with North Warwickshire, Nuneaton & Bedworth, Rugby, Stratford upon Avon and Warwick District Councils. The latest OAHN calculation is set out in the updated Coventry & Warwickshire SHMA Report by G L Hearn dated August 2015. This OAHN calculation is summarised as follows (also see attached Table in Appendix 1) :-

- The starting point of 2012 SNPP / SNHP identified household growth converted into dwellings per annum by the application of a 3% vacancy rate / second homes allowance as 83,940 dwellings (4,197 dwellings per annum) for the HMA and for Coventry 41,980 dwellings (2,099 dwellings per annum) for the period 2011 – 2031 ;

- The sensitivity testing of these demographic projections in relation to 10 year / 5 year migration trends and inclusion / exclusion of UPC determined that no adjustments to the starting point was necessary ;
- The analysis of market signals demonstrated a worsening trend in affordability and the suppression of household formation in younger age groups. This analysis resulted in an uplift of 75 dwellings per annum for the HMA to 4,277 dwellings per annum (85,540 dwellings) and in the case of Coventry 2,120 dwellings per annum (42,400 dwellings) ;
- The analysis of economic forecasts / jobs led modelling identified that an adjustment to demographic projections was necessary in North Warwickshire, Stratford upon Avon and Nuneaton & Bedworth Districts of the HMA to support economic growth. This adjustment was in part a re-distribution of households within the HMA plus an uplift of 131 dwellings per annum for the HMA to 4,409 dwellings per annum (88,180 dwellings) ;
- A separate assessment of affordable housing needs was calculated which resulted in no further adjustment to the overall OAHN for the HMA. The affordable housing need for Coventry is stated as 12,000 dwellings (600 affordable dwellings per annum).

The HBF submits the following critical observations on the OAHN calculation:-

- It is agreed that the starting point for the calculation of OAHN is the 2012 SNPP / SNHP. However the sensitivity testing of the demographic projections show a variation in this starting point of between -13% (3,648 dwellings per annum) if UPC is included and +20% (5,040 dwellings per annum) if 10 year migration trend is used. The unadjusted figure of 4,197 dwellings per annum lies closest to the bottom end of this potential range of figures perhaps the more prudent approach would have been to use the average of the sensitivities which is equal to 4,290 dwellings per annum (see Figure 31 in the Updated SHMA Report). The use of the average of the sensitivity tests would have evened out any potential under / over estimation. As illustrated by Figure 31 the greatest variations occur in Coventry which is of particular relevance as the city is the driving force of household growth and hence housing needs in the HMA. Indeed it is acknowledged that Coventry is the fastest growing city outside of London ;
- The adjustment to HFR in the younger 24 – 34 age group to address suppressed household formation and worsening affordability pre 2007 is very modest at +75 dwellings per annum representing only a 2% increase above the demographic starting point. In comparison, for example, in the Eastleigh Local Plan Inspector's Preliminary Conclusions on Housing Need a 10% uplift was proposed as a cautious approach to modest pressures on market signals whilst the Uttlesford Local Plan Inspector's Conclusions found an overall increase

of 10% was appropriate to achieve the objective of improving affordability ;

- The adjustments for economic growth are a combination of re-distribution and uplift. 189 dwellings per annum (16 dwellings per annum in North Warwickshire, 73 dwellings per annum in Nuneaton & Bedworth and 100 dwellings per annum in Stratford upon Avon) are re-distributions of households from Coventry to support the economic growth of these authorities. The theory is that Coventry has a workforce growing more quickly than employment so people move from the city to other locations within the HMA. However there is the question of whether or not households from Coventry, which is a relatively low valued area of the HMA, would be able to afford to move to these other higher valued areas of the HMA. This question is particularly pertinent because of the very modest adjustment applied to counter-act worsening affordability in the HMA ;
- The only increase above demographic projections applied as an uplift for growth outside the HMA comprises 31 dwellings per annum for North Warwickshire and 101 dwellings per annum for Stratford upon Avon. From the evidence it is not stated what these uplifts constitute, for example, in North Warwickshire is the uplift accommodating unmet needs from Tamworth and in Stratford upon Avon is the uplift connected to unmet needs in Birmingham (see Duty to Co-operate below). This lack of clarity means the figures are confusing. Is the OAHN for the HMA 88,160 dwellings (4,408 dwellings per annum) which includes the extra uplift to support economic growth or 85,540 dwellings (4,277 dwellings per annum)? Of these two figures the HBF's opinion is that 88,160 dwellings is the OAHN rather than the 85,540 dwellings stated by the Council ;
- In assessing affordable housing needs a number of scenarios for the percentage (25%, 30%, 35% and 40%) of household income spent on housing were tested. The affordable housing need of 12,000 affordable homes (600 affordable homes per annum) for Coventry is based on the 35% scenario. This figure is a dramatic reduction from the 25% scenario of 1,463 affordable homes per annum. The choice of the 30% scenario as the assessment of affordable housing needs should be fully justified so it is not seen as an under-estimation. If the affordable housing need is 1,463 affordable homes per annum equal to 69% of OAHN for Coventry then consideration should be given to whether or not an increase in housing supply to deliver more affordable houses is needed (NPPG ID 2a-029-20140306).

In conclusion the HBF have concerns about the OAHN calculation in particular the very modest adjustments to increase figures above the demographic starting point resulting in a potential under-estimation of OAHN. Therefore it is recommended that the OAHN is reviewed before submission of the Plan for examination. This review should consider the choices made concerning sensitivity testing, affordability, supporting economic growth and affordable housing needs.

## Housing Requirement, Unmet Housing Needs & Duty to Co-operate

**Policy DS1** of the pre-submission Plan proposes a housing requirement of 24,600 dwellings (1,230 dwellings per annum) for the plan period of 2011 – 2031 against an OAHN of 42,400 dwellings (2,120 dwellings per annum). Therefore there is an unmet housing need of 17,800 dwellings from Coventry across the HMA. As referred to above 3,780 dwellings of this unmet need has been distributed to North Warwickshire, Stratford upon Avon and Nuneaton & Bedworth Districts to support economic growth in these parts of the HMA. Therefore 14,020 dwellings of unmet housing needs remain.

The redistribution of this remaining unmet need is explained in the Report to the Coventry & Warwickshire and South West Leicestershire Shadow Economic Prosperity Board dated 29<sup>th</sup> September 2015. It is noted that this report is missing from the Council's evidence documents. This report is a key piece of evidence which should be included. Its exclusion should be corrected before the Plan is submitted for examination. This re-distribution is based on a mathematical calculation of the percentage of migration patterns / house moves and commuting patterns between Coventry and its neighbouring authorities. This calculation results in a re-distribution of :-

- 42 dwellings per annum (including 16 dwellings per annum previously distributed to support economic growth) to North Warwickshire ;
- 273 dwellings per annum (including 73 dwellings per annum previously distributed to support economic growth) to Nuneaton & Bedworth ;
- 139 dwellings per annum to Rugby and ;
- 352 dwellings per annum to Warwick.

There is no evidence that this re-distribution has been subject to Sustainability Appraisal testing. The Council should be mindful of the questions recently raised by the Inspectors examining the South Derbyshire and Amber Valley Local Plans concerning the lack of a Sustainability Appraisal on the distribution of Derby's unmet housing needs to South Derbyshire and Amber Valley in the Derby HMA.

The Duty to Co-operate (S110 of the Localism Act 2011 which introduced S33A into the 2004 Act) requires the Council to co-operate with other prescribed bodies to maximise the effectiveness of plan making by constructive, active and on-going engagement. The high level principles associated with the Duty are set out in the National Planning Policy Framework (NPPF) (paras 156, 178 – 181) and in 23 separate paragraphs of the National Planning Practice Guidance (NPPG). In determining if the Duty has been satisfactorily discharged it is important to consider the outcomes arising from the process of co-operation and the influence of these outcomes on the Local Plan. One of the required outcomes is the delivery of full OAHN for market and affordable housing in the HMA as set out in the NPPF (para 47) including the unmet needs of neighbouring authorities where it is reasonable to do so and consistent with sustainable development (NPPF para 182).

The Memorandum of Understanding sets out the proposed distribution of OAHN across the HMA so that no unmet housing needs arise. At this time it is noted that the Memorandum of Understanding included in the supporting evidence documents is a draft format and unsigned. However without the inclusion of the Report to the Shadow Economic Prosperity Board Prosperity Report in the evidence there is no explanation of how this distribution was determined. There is also no explanation of how this outcome has or will in the future influence Plans in the HMA? Without this explanation there is no real certainty that OAHN will be met in the HMA. Indeed from the evidence it is reasonable to deduce that since 2011 OAHN in particular unmet housing needs from Coventry have not been met, for example :-

- North Warwickshire's adopted plan has housing requirement of 175 dwellings per annum to meet its own housing needs plus an additional 500 dwellings for Tamworth's unmet needs. The latest OAHN for North Warwickshire is 237 dwellings per annum (including re-distribution of 16 dwellings per annum from Coventry and 31 dwellings from outside HMA (unspecified may be from Tamworth or Birmingham)) to support economic growth which is increased to 264 dwellings per annum by the final re-distribution of 26 dwellings per annum of unmet need from Coventry. The matter is further complicated by an additional unmet need of 1,000 dwellings arising from Tamworth to be resolved between North Warwickshire and Lichfield and the circa 40,000 dwellings of unmet need from Birmingham. However despite this latest evidence on OAHN and Memorandums of Understanding between the respective authorities a review of the adopted Plan has not yet been triggered. Unless the outcomes from the process of co-operation result in actual actions it is meaningless and housing needs will continue to be unmet.

**Policy DS2 - Duty to Co-operate** also fails to ensure unmet needs will be met. The policy provides no guarantee.

There is also concern that the Memorandum of Understanding is not agreed by all the Coventry & Warwickshire HMA authorities. It is understood that one authority is not willing to sign. It is assumed that this is Nuneaton & Bedworth District Council because the recent pre submission Local Plan consultation (ended on 18<sup>th</sup> December 2015) excludes any unmet needs from Coventry in its housing requirement.

The strategy matter of meeting in full OAHN in the Coventry & Warwickshire HMA including any unmet needs arising from Coventry city 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 set out in the Report to the Coventry & Warwickshire and South West Leicestershire Shadow Economic Prosperity Board dated 29<sup>th</sup> September 2015 and the Memorandum of Understanding. However 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).

It is hoped that Coventry City Council have also submitted similar objections because Nuneaton & Bedworth's lack of co-operation is a serious failing of the Duty to Co-operate which undermines the soundness of the both the Nuneaton & Bedworth Local Plan and the Coventry Local Plan.

## Housing Supply

**Policy H2 - Allocations** allocates 10,060 dwellings on 25 sites including two Sustainable Urban Extensions (SUEs) at Keresley for 3,100 dwellings and Eastern Green for 2,250 dwellings. However Table 4.1 refers to allocations for only 8,915 dwellings. The difference in figures is somewhat confusing possibly because the SUEs are expected to continue beyond the plan period. The Council should provide further clarification.

At this time there is no 5 YHLS calculation in the supporting evidence documents. When undertaking the 5 YHLS calculation the Council is reminded that the buffer should be applied to the annualised housing requirement and shortfall together with a Sedgefield approach to recouping shortfalls as soon as possible. Although the HBF would not wish to comment on the merits or otherwise of individual sites contained within the Council's housing trajectory it is critical that the Council's assumptions on lapse rates / non implementation allowance, lead in times and delivery rates contained within its calculations are correct and realistic to provide sufficient flexibility.

If it is determined that the Council's housing requirement should be increased as suggested in the preceding discussion on OAHN and Housing Requirement then a corresponding increase in site allocations will also be necessary. 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 sustainable urban extensions (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.

If the Council's 5 YHLS is less than 5 years action should be taken immediately rather than monitored for 2 years before remedial action is taken

as proposed in **Policy H1**. The reference to a possible future Supporting Housing Delivery DPD is also somewhat retrospective. The Local Plan should be capable of delivering on its objectives including significantly boosting housing supply. Therefore the references to phasing and releasing in **Policy H1** should be deleted because development should not be unnecessarily delayed or held back.

## Housing Policies

If the Coventry 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*”. It is noted that the Council’s viability report is now somewhat dated originating from 2012 it is suggested that an update is commissioned before the Plan is submitted for examination. Since 2012 there have been changes in build costs, changes arising from the housing standards review as well as the Budget announcement on affordable housing rent reforms with impacts on affordable housing tenure split, transfer price and developer profits.

**Policy H6 – Affordable Housing** proposes 25% affordable housing provision on sites of more than 25 dwellings. It is suggested that the policy includes the wording “subject to viability”. It is also noted that the policy specifies varying affordable tenure housing splits in different sub areas of the city this proposal should be re-checked for viability. In the supporting text of **Policy H6** it is not obvious the accessibility standards sought. If the Council wishes to opt in to a higher standard of Building Regulations this should be set out in policy rather than supporting text. Any proposed higher standard should be viability tested and justified by the criteria set out in the NPPG.

The imposition of minimum densities in **Policy H9** is not necessarily conducive to achieving the Council’s stated objectives of improving and diversifying the city’s housing offer to meet the needs of all people in particular encouraging larger properties.

There are numerous references to Supplementary Planning Documents (SPDs) including in **Policy H3** reference to housing standards and expectations. The Council is reminded that the NPPF (paragraph 154) is explicit that SPDs should not add to the financial burden of development. The Regulations are equally explicit in limiting the remit of an SPD so that policies dealing with development management cannot be hidden in an SPD.

## Other Policies

It is agreed that if land no longer fulfils the five purposes of Green belt then it should be removed. However the proposals under **Policy GB1 – Green Belt & Local Green Spaces** are somewhat confusing in particular the re-designation as Local Green Spaces and safeguarded land.

It is noted that **Policy HW1 – Health Impact Assessments** in Bullet Point 3 requires all development of more than 10 units to submit assessments. This policy requirement is considered as overly burdensome on SMEs. It is suggested that the threshold is reviewed. If the definition of major developments is 10 or more residential units in **Policy EM6 – Air Quality** the same criticism would apply.

**Policy DS3 – Sustainable Development Policy** in Bullet Point 3 refers to zero carbon homes. This reference is out of date and inappropriate. It is suggested that this wording is reviewed. Moreover **Policy EM1 - Planning Climate Change** and **Policy EM2 – Building Standards** should be reviewed for consistency with national policy.

## Conclusion

For the Coventry Local Plan to be found sound under the four tests of soundness as defined by the NPPF (para 182), the Plan should be positively prepared, justified, effective and consistent with national policy. The Council should re-consider its current proposals in order to avoid preparing a Local Plan which is unsound because it is inconsistent with national policy, not positively prepared, improperly justified and so ultimately ineffective. Of particular concern are :-

- Under-estimation of OAHN ;
- Unmet housing needs ;
- Compliance with the Duty to Co-operate ;
- 5 YHLS ;
- Whole plan viability testing ;

It is hoped that these representations are of assistance to the Council in preparing the next stages of the Coventry 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**



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