

Telford & Wrekin Council
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Dear Sir / Madam

TELFORD & WREKIN LOCAL PLAN PRE SUBMISSION 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) (paras 156, 178 – 181) and in 23 paragraphs in the National Planning Practise Guidance (NPPG). It is noted that the Council has prepared a Duty to Co-operate Statement dated January 2016 to accompany this Local Plan pre submission consultation.

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 Local Plan. One fundamental outcome is the delivery of full objectively assessed housing needs (OAHN) for market and affordable housing in the housing market area (HMA) as required by 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).

Telford & Wrekin is located to the west of Shropshire and Wales and 45 minutes by road / 40 minutes by rail to the east of the Greater Birmingham conurbation.

Telford & Wrekin's administrative area is physically adjoined to the neighbouring Councils of Shropshire, Stafford and South Staffordshire. Other nearby Councils include Herefordshire, Birmingham City and the Black Country authorities of Walsall, Wolverhampton, Sandwell and Dudley. Telford & Wrekin also forms part of the Marches Local Enterprise Partnership (LEP) together with Shropshire and Herefordshire. The Council confirm that the Local Plan has been aligned with the Strategic Economic Plan (SEP) of the LEP.

It has been determined that Telford & Wrekin is its own HMA and that full OAHN can be met within the Council's own administrative area without recourse to any neighbouring authorities. A formal agreement with Shropshire has been signed confirming separate HMAs. Nevertheless it has also been acknowledged that co-operation is necessary on the wider strategic matter of housing shortfalls and unmet housing needs across the West Midlands region arising from both Birmingham City Council and the Black Country. It is believed that Telford & Wrekin may have a particular role to play given its previous new town status. Indeed it is noted that the Black Country authorities and South Staffordshire District Council have suggested that some of the housing requirement over and above Telford & Wrekin's own OAHN (+5,615 dwellings) may be allocated to meet unmet needs from the Greater Birmingham & Black Country HMA (see para 4.67 of the Consultation Document January 2016). The Council's response (para 1.3.2.3 of the Local Plan) is that it is "*not convinced about participation in any re-distribution of future housing growth outwards from the conurbation*". This view is reinforced by para 3.2.3.3 of Housing Growth Technical Paper February 2016 "*growth development is a priority for the Council, capacity exists to deliver additional development ... would not need to extend to meet the shortfall in land supply in other parts of the region*". However this statement seems contradictory to para 3.2.2.6 of the same document which states "*the drive to support growth and change in the borough is therefore a key objective at the local level but also supports Telford's continued role within the wider sub region*". It is understood that the matter is not resolved and discussions between the respective authorities are on-going.

OAHN and Housing Requirement

Policy HO1 – Housing Requirement proposes to deliver 15,555 new dwellings (778 dwellings per annum) between 2011 – 2031. Paragraph 5.4 of the Local Plan sets out that the SHMA Report by Peter Brett Associates (PBA) identified a demographically based OAHN for Telford & Wrekin of 9,940 dwellings up to 2031 which was increased to a higher housing requirement to support economic growth and deliver more affordable housing. The Sustainability Appraisal also demonstrates that all housing growth opinions tested including 15,555 dwellings can be accommodated subject to appropriate mitigation (Technical Paper Housing Growth January 2016). The HBF make the following comments on the Council's calculation of OAHN :-

- Demographic projections - It is agreed that the starting point for the calculation of OAHN is the 2012 SNHP subject to further sensitivity testing of migration trends, unattributable population change (UPC) and household formation rates (HFR) as set out in the "PAS Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition" dated July 2015. The Telford & Wrekin OAHN Final Report by

PBA published in March 2015 confirms that the preferred demographic scenario based on 10 year rather than 5 year migration trends combined with 2012 HFR identifies a household growth which after the application of 3.1% vacancy / second homes allowance converts into 9,940 dwellings (497 dwellings per annum). It is also confirmed that UPC was sensitivity tested but its impact was considered insignificant. It is known that trend based household projections “plan in” a deterioration of HFR into the future. Whilst the 2012 SNHP draw upon longer term trends since 1971 the methodology applied by DCLG means that there is a greater reliance upon trends experienced over the last 10 years than those experienced over the longer term. The implication of this bias is that the latest household projections continue to be affected by the most recent HFR trends which were suppressed by the impacts of the economic downturn, constrained mortgage finance and past housing undersupply as well as increasing unaffordability from the period before the economic recession (page 19 of the *Household Projections 2012-based: Methodological Report* by DCLG dated February 2015). These factors have had the greatest impact on the formation of younger aged households. It is arguable that in the future as the economy improves so should HFR in younger age groups (Town & Country Planning Tomorrow Series Paper 16, “*New estimates of housing demand and need in England, 2001 to 2031*” by Alan Holmans). Whilst the Council’s evidence has not considered this aspect of its demographic projections it is accepted that as a consequence of the Council’s proposed uplift of the housing requirement above a demographic only based OAHN in order to deliver more affordable housing there will also be a knock on effect of improving affordability for younger age groups.

- Market signals – It is noted that although affordability is not considered adversely expensive in comparison to other national, regional and Shropshire benchmarks (Telford & Wrekin OAHN Final Report para 4.29) this comparison masks affordability problems in the more desirable rural areas. Locally within Telford & Wrekin housing affordability remains a challenge. The cost of a typical house is 7 times mean income rising to 9 times in parts of the rural area and Newport (Local Plan para 2.33). Moreover average house prices are 36 – 46% higher in the rural areas (Technical Paper Rural Settlement para 2.14). The proposed higher housing requirement to deliver more affordable housing is supported for its positive effect on affordability but as a consequence of the Council’s proposed housing distribution strategy, there will be minimal impact on affordability in the rural areas. The Council should recognise the particular issues of limited housing supply and unaffordability faced by rural communities. The NPPG identifies 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.
- Delivering Affordable Housing Need - It is agreed that the affordable housing need figure in Telford & Wrekin is significant as set out in the Housing Growth Technical Paper February 2016. It is also agreed that the affordable housing need currently identified in the SHMA is unlikely to be addressed through delivery of a housing requirement set at or near

to a demographically derived OAHN. Therefore the proposed higher housing requirement increased above a demographic only based OAHN in order to deliver more affordable housing is supported.

- Supporting economic growth - The Experian economic forecast shows a potential deficit of labour to support expected jobs growth (Technical Paper Housing Growth) which would not align the Local Plan with the LEP SEP. Indeed the Marches LEP SEP describes Telford as an “urban powerhouse” (para 4.2 of Local Plan) with a role to fulfil as a regional hub for economic growth (para 4.7 of Local Plan) and to promote prosperity across the Marches LEP area. Therefore the Council is proposing “super” growth brought about by positive economic policy interventions (Telford & Wrekin OAHN Final Report para 5.27). This positive economic strategy over and above a business as usual expectation together with a reduction in commuting (Telford & Wrekin OAHN Final Report para 5.28) produces 6,700 more resident workers under the 750 dwellings per annum scenario. Whilst there is no reason that the Council cannot provide for a housing requirement over and above its OAHN (para 10.2 PAS Guidance July 2015) this growth should be set within a regional context and co-ordinated through the Duty to Co-operate.

It is noted that the Council published Telford & Wrekin SHMA 2016 Final Report by Arc4 on its website on Friday 11th March 2016. This is a fundamental piece of supporting evidence to justify the calculation of the OAHN and the proposed housing requirement. The Council’s late publication of this critical evidence only two working days before the deadline for the submission of representations to the pre submission Local Plan consultation is inequitable and disadvantages all interested parties who may be making representations to the consultation. The HBF has not thoroughly reviewed this latest evidence due to lack of time made available by the Council’s publication of the SHMA Final Report on Friday 11th March and the pre submission Local Plan consultation closing date of Tuesday 15th March therefore our representations are submitted without prejudice to any additional comments which may be made regarding this latest evidence in future HBF Examination Hearing Statements. It is the opinion of the HBF that it would be prudent for the Council to re-run the pre submission Local Plan consultation in order that all evidence on which the Council is relying is available to all parties from the start of the process.

Housing Land Supply

The 2011 census showed that 86% of households live in Telford, 8% in Newport and 6% in the rural areas (para 2.12 of the Local Plan). The settlement pattern of the rural area is described as scattered with 68 recorded settlements (Technical Paper Rural Settlements). This existing distribution of households is reflected in the proposed spatial distribution to deliver approximately 13,400 dwellings in Telford (**Policy SP1 – Telford**), 1,200 dwellings in Newport (**Policy SP2 – Newport**) and 900 dwellings in the rural areas (**Policy SP3 – Rural Areas**).

In the Local Plan a total of 17 major sites for 13,499 dwellings are allocated as summarised in **Appendix D – Housing Site Allocations (H1 – H17)**. As set

out in para 4.4 of the Technical Paper Housing Site Allocations dated July 2015 the Council has given priority to the release of public land in the ownership of Homes & Communities Agency (HCA) comprising of sites **H4 & H5, H10 – H13,** and **H15 - H17**. The Council has also given priority to other brownfield sites in public ownership comprising of Sites **H3, H6 – H9, H11** and **H14**. In Telford the majority of development will be within the town itself together with two proposed strategic urban extensions (SUE) located at Priorslee for 1,100 dwellings and Donnington & Muxton for 750 dwellings (**Policy HO2 – Housing Site Allocations**). In Newport only one site (**H13**) is allocated because of the substantial number of existing unimplemented planning permissions (Technical Paper Housing Site Selection).

Policy HO10 – Residential Development in the Rural Areas proposes 900 dwellings. As set out in the Technical Paper Rural Settlements the 900 dwellings proposed in the rural areas comprise of 240 existing planning permissions (270 existing consents less 20% lapse rate), 580 dwellings on 2 brown-field sites at former British Sugar land at Allscott (470 dwellings) and former Dairy Crest Depot at Crudgington (110 dwellings) and 80 dwellings are located in five specified villages of Edgmond, High Ercall, Lillishall, Tibberton and Waters Upton.

In 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. 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.

It is noted that **Policy SP1 and SP2** propose that “*housing development ... will be prioritised on previously developed land*”, **Policy SP3 – Rural Areas** proposes “*giving preference to the re-use of previously developed land where this is in a sustainable location*” and **Policy SP4 (iii)** proposes “*priority given to focussing development on ... previously developed land*”. This prioritising approach is contrary to national policy. The core planning principle set out in the NPPF (para 14) is to “*encourage the effective use of land by re-using land that has been previously developed (brownfield land)*” such encouragement is not setting out a principle of prioritising brownfield before green-field land. Similarly para 111 of the NPPF states that “*Local Planning Authorities may continue to consider the case for setting a locally appropriate target for the use of brownfield land*” but again there is no reference to prioritising the use of brownfield land. The Council’s proposal to prioritisation relates back to previous national policies which are now inconsistent with current national policy. In para 17 of his determination of the Planning Appeal at Burgess Farm in Worsley Manchester (APP/U4230/A/11/215743) dated July 2012 (4 months after the

introduction of the NPPF) the Secretary of State confirms that “*national planning policy in the Framework encourages the use of previously developed land but does not promote a sequential approach to land use. It stresses the importance of achieving sustainable development to meet identified needs*”. Therefore it is suggested that the wording of these policies is changed to encourage rather than prioritise the re-use of previously developed land which is unsound failing all four tests of soundness set out in the NPPF.

The proposed housing supply of 15,555 dwellings is set out in para 5.8 of the Local Plan comprising of :-

- 3,243 dwellings built in 2011 – 2015 ;
- 968 dwellings under construction as at April 2015 ;
- 6,671 net dwellings from existing planning consents (8,339 dwellings with planning permission less 20% non-implementation allowance) ;
- 1,344 net dwellings from resolutions to grant planning consent (1,680 dwellings with resolutions to grant planning permission less 20% non-implementation allowance) ;
- 2,799 net dwellings from Local Plan site allocations (3,499 site allocations less 20% non-implementation allowance) ;
- 480 dwellings windfall allowance based on past trends ;
- 50 dwellings allocation in the made Madeley Neighbourhood Plan.

The non-implementation allowance on existing planning consents, resolutions to grant planning permissions and Local Plan site allocations provides a headroom of 2,704 dwellings on the 11,344 dwellings to be delivered over the remaining plan period. 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 important that the Council’s assumptions on lapse rates / non implementation allowance, lead in times and delivery rates within its calculations are correct and realistic to provide sufficient flexibility in the land supply.

It is considered unlikely that the Council’s 5 Year Housing Land Supply (YHLS) position is in excess of the 10 years supply as stated in the 5 YHLS Statement 2014 – 2019 at April 2015 (as published in October 2015). The reason for this unlikelihood is the assumption used in the calculation of 5 YHLS. The Council’s calculation is incorrectly based on an annualised OAHN figure of 497 dwellings per annum (9,940 dwellings divided by 20 years) as opposed to an annualised housing requirement figure of 778 dwellings per annum (15,555 dwellings divided by 20 years). The 5 YHLS should be calculated on the overall housing requirement that the Plan is seeking to deliver (para 47 NPPF). It is recommended that the Council re-calculates its 5 YHLS. When Bath & North East Somerset Council used a similar disaggregated method of calculation of its 5 YHLS this was challenged during the Core Strategy Examination Hearing Sessions. Subsequently the method of calculation was changed (refer to paragraphs 31 and 80 of the Inspector’s Final Report dated 24th June 2014).

There is no justification for calculating 5 YHLS on annualised OAHN rather than the housing requirement. The housing trajectory in **Policy HO3** sets out housing delivery against the annualised housing requirement of 15,555

dwellings and 15,000 dwellings is described as the deliverable supply capacity of the District (Telford & Wrekin OAHN Final Report para 3.30).

It is also debatable whether or not the Council should apply a 20% buffer rather than the 5% buffer in the 5 YHLS calculation. The long term average of 775 dwellings per annum since 1978 is lower than the previously set housing targets. Moreover since 2011 the Council has not achieved its housing targets because of a lack of effective demand, poor viability, long gestation period of SUEs and delays caused by HCA reviewing its land holdings (Telford & Wrekin OAHN Final Report by Peter Brett Associates para 4.20).

Viability

If the Local Plan is to be compliant with the NPPF, the Council needs to satisfy the requirements of paras 173 and 174 whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened. The Council should be mindful that it is inappropriate to set unachievable policy obligations. Under para 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 so **Policy HO6 – Delivery of Affordable Housing** becomes ineffective.

The issue of viability particularly in Telford itself has been identified as a problem in various studies including the Affordable Housing Viability Study 2010, the SHLAA Viability Study 2014 by PBA and Local Plan Viability Study February 2016. In Telford poor viability is associated with the high costs of developing brown-field sites (Telford & Wrekin OAHN Final Report para 4.20). As a consequence it is confirmed that only 15% affordable housing provision was delivered over recent years from market led housing developments (Technical Paper Housing Growth para 5.4.6) although some developments in Newport and the rural areas where viability is not so marginal have achieved higher levels.

Policy HO5 – Affordable Housing Thresholds & Percentages proposes on sites of more than 11 dwellings 25% affordable housing provision in Telford and 35% in Newport and rural areas sub areas. In setting the affordable housing provision at 25% in Telford in **Policy HO5** the Council is ignoring the conclusions of its own evidence. In the past only 15% affordable housing has been delivered in Telford where viability is proven to be less viable. The focus of the Council's spatial strategy allocates 13,400 dwellings out of 15,555 dwellings (86%) in Telford together with the priority of re-using previously developed land across the borough so if the percentage of affordable housing provision proposed in **Policy HO5** is overly ambitious it risks the effective delivery of the majority of development set out in the Local Plan. Therefore given that viability is so challenging it is necessary for the affordable housing policy to be as flexible as possible so it is recommended that the wording "*subject to viability*" is inserted into the policy.

Policy HO4 – Housing Mix refers to lifetime homes standards and the nationally described space standards. The reference to lifetime homes standards is out of date, the Council should refer to the optional technical

standard for accessible / adaptable dwellings known as M4(2) of the Building Regulations. The Written Ministerial Statement (WMS) 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”*. Furthermore with particular reference to the nationally described space standard the NPPG (ID: 56-020-20150327) confirms *“where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies”*. If the Council wishes to adopt these standards this should be justified by meeting the criteria set out in the NPPG including need, viability and impact on affordability. The Council has not provided sufficient evidence to justify adoption of either of these proposed standards.

Conclusions

For the Telford & Wrekin Local Plan to be found sound under the four tests of soundness as defined by para 182 of the NPPF, the Local Plan should be positively prepared, justified, effective and consistent with national policy. Currently the Local Plan is unsound because of :-

- inconsistencies associated with the role of the borough as a regional growth centre identified under the Duty to Co-operate ;
- an overly optimistic 5 YHLS calculation based on an annualised OAHN figure rather than an annualised housing requirement ;
- prioritising previously developed land rather than promoting sustainable development ;
- unviable policy requirements associated with housing standards and affordable housing provision.

Therefore the pre submission Local Plan is not consistent with national policy. It is not positively prepared nor properly justified so it will be ineffective.

It is hoped that these representations are of assistance to the Council in informing the next stages of the Telford & Wrekin 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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