

Local Plan
North East Lincolnshire Planning
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12/04/2016

Dear Sir / Madam,

North East Lincolnshire Local Plan (Pre-submission Draft): Planning for Growth

1. Thank you for consulting with the Home Builders Federation (HBF) on the Pre-submission Draft 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 following comments should be read in conjunction with our completed *Pre-submission Draft Local Plan (2016) Consultation Questionnaire Form*. **The HBF would also like to attend the examination in public to debate these matters further.**

Duty to Co-operate

The Council has not provided sufficient evidence to identify how it has fully discharged its obligations under the Duty to Co-operate.

4. It is clear from chapter 3 of the consultation document and the supporting *Duty to Co-operate Statement (February 2016)* that North East Lincolnshire has engaged with the relevant bodies as required as part of its Duty to Co-operate.
5. The Council will be aware that whilst the Duty to Cooperate is not a duty to agree it does require more than consultation and meetings. It is the efficacy of the engagement throughout the plan making process and the outcomes which flow from such engagement which determine whether the duty has been met.
6. The importance of identified actions resulting from fulfilment of the duty is clearly articulated within the National Planning Practice Guidance (PPG). The PPG states *'it is unlikely that this (the duty) can be satisfied by consultation alone'* and that *'inspectors will assess the outcomes of the co-operation and not just whether local planning authorities have approached others'*.
7. The NPPF requires *'...a continuous process of engagement from initial thinking to implementation'* (paragraph 181). It is therefore essential that engagement over cross-boundary issues such as housing are addressed early and considered through the evidence gathering phases.
8. It is noted that the Council has indicated that it intends to meet its own housing needs in full. It is, however, unclear whether the Council will be required to assist in meeting the housing needs of neighbouring authorities. Whilst the 2013 Strategic

Housing Market Assessment (2013 SHMA) does indicate that North East Lincolnshire is largely self-contained it is recognised that there are significant linkages with neighbouring authorities, as shown by the size of the Grimsby travel to work area (figure 2.2 *Duty to Co-operate Statement*).

9. In terms of neighbouring authorities North Lincolnshire is reliant upon a pre-NPPF Core Strategy for its housing requirement. This housing requirement is based upon the now revoked Yorkshire and Humber Regional Spatial Strategy. Subsequent to the adoption of the Core Strategy a 2012 *North Lincolnshire Strategic Housing Market Assessment* (SHMA) was undertaken. This document assessed a number of scenarios, including an '*employment constrained*' scenario. This scenario seeks to align the economy and housing requirements and identifies a need of 1,053dpa, approximately 300dpa greater than the current Core Strategy requirement.
10. Whilst the HBF is not suggesting that North East Lincolnshire should necessarily plan for all, or even part, of this under-supply it should be made clear through the plan and supporting evidence base how such sub-regional issues will be dealt with and whether the Council is able and willing to assist. This should be clarified prior to submission of the plan.
11. East and West Lindsay are both still to adopt a post-NPPF plan and as such the housing requirements are still emerging. A clear statement upon their relative positions and whether they are likely to be reliant upon North East Lincolnshire in terms of their housing requirements should be identified.
12. The Council is also a member of two separate LEPs, the Humber LEP and the Greater Lincolnshire LEP. Both of these bodies have developed Strategic Economic Plans (SEPs) which identify growth ambitions for the respective areas and are utilised to obtain funding from Government. The implications of economic growth will have a profound effect upon the housing requirement for the area. It is therefore important that the implications of the ambitions of both LEPs are clearly defined and articulated within North East Lincolnshire. Whilst the consultation document and supporting evidence do provide some over-arching principles it is difficult to ascertain how this has been translated into the employment and housing requirement for North East Lincolnshire. In this regard it is considered that the plan is currently deficient and without further information compliance with the Duty to Co-operate is difficult to ascertain.

Statement 4: The housing requirement

The HBF considers the housing requirement identified in statement 4 to be unsound as it is not justified by the evidence, positively prepared or effective.

13. Statement 4 identifies a minimum housing requirement of 13,340 over the plan period or an average of 702dpa. The proposed plan requirement is intended to be brought forward in a stepped approach. The following comments consider each of these elements in turn.

Housing requirement

14. The HBF supports the identification of the housing requirement as a minimum. This is considered to accord with the principles set out within the NPPF to plan positively and significantly boost supply. The overall requirement is, for reasons set out below, considered to be too low.
15. The Council has sought to increase its housing requirement from previous targets contained within the now revoked Regional Spatial Strategy (RSS) and the demographic starting point identified within the 2012 sub national household

projections (2012 SNHP). Whilst the HBF supports this approach we have a number of fundamental concerns with the derivation of the housing requirement which are considered to suppress the requirement.

16. In identifying the housing requirement the Council has sought to align the economic and housing strategies for the area. This approach is considered to accord with the NPPF and PPG. Indeed the interim conclusions of the Inspector of the Cheshire East Local Plan Strategy, dated 12th November 2014, clearly identify the folly of not aligning employment and housing strategies.
17. The proposed housing requirement of 702dpa is aligned to the creation 8,800 jobs over the plan period. This level of jobs growth is identified as a 'Moderate Growth' scenario within the *Economic Future Report* produced by Atkins for the Council. Further scenarios identified are a 'Baseline', or business as usual economic scenario and a 'High Growth' scenario. The HBF is supportive of discounting the 'Baseline' scenario as this does not take account of the economic ambitions of the area.
18. Whilst the *Economic Future Report* discusses the aspirations of both the Humber and Greater Lincolnshire LEPs SEPs it is unclear how well the 'Moderate Growth' and 'High Growth' scenarios reflect the ambitions of the respective LEPs and what role North East Lincolnshire is likely to take in achieving these ambitions. Given the assets within North East Lincolnshire and the settlement of Grimsby it could be argued that the 'Moderate Growth' scenario underplays the economic potential of the area. This issue of compatibility with the ambitions of the two SEPs requires greater clarification and justification.
19. The chosen housing requirement of 702dpa appears to be based upon the 'Jobs-led (Scenario 1) – UR' with an average headship rate between the 2012 and 2008 household projections (*Table 25, Demographic analysis and forecasts, July 2015*). This scenario is also reliant upon accommodating employment growth of 8,800 additional jobs over the plan period, discussed above, as well as a number of other key assumptions such as increased economic activity rates and unemployment rates. It is noted that commuting ratios are not altered under this scenario (consultation draft plan, paragraph 8.26), this is supported. A change in commuting patterns would require neighbouring authorities to agree to accommodate additional housing growth, not provided for within North East Lincolnshire, to accommodate the jobs created within the area. The HBF is unaware of any such agreements as part of the Council's Duty to Co-operate.
20. The use of an average of the headship rate, between the 2008 and 2012 SNHP is justified in paragraphs 8.23 to 8.25 of the consultation draft plan. The HBF is supportive of these conclusions and the aspiration to raise headship rates back to pre-recession levels.
21. It is notable that all tested scenarios assume increases in economic activity rates to take account of changes to the State Pension Age (SPA). The HBF would have preferred to see this as a sensitivity test, rather than a core assumptions so that comparisons could be made to ascertain the realism of the assumption. However, providing the changes identified in appendix B, paragraphs B54 to B60 (*Demographic analysis and forecasts, July 2015*) can be adequately justified, which at present they are not, no objection is raised upon this issue.
22. All scenarios also identify as a core assumption the reduction in the levels of unemployment from 11.5% to 9.1%, once again it would be preferable if this were a sensitivity test to enable comparisons to be made. Appendix B, paragraph B66 to

the July 2015 *Demographic analysis and forecasts* report identifies that the 11.5% represents the 5 year average unemployment rate, whilst 9.1% represents the 10 year average unemployment rate. Whilst the utilisation of the 10 year average rate is understood it appears strange to base the starting point upon a five year average which is 0.7% above the known unemployment rate at the start of the plan period (2013). It would seem more logical to utilise the known unemployment rate of 10.8% (see table 29). The effect is that the modelling is likely to over-estimate reductions in unemployment by 0.7% or by nearly one third and as such is not considered robust.

23. The chosen scenario seeks to further reduce unemployment rates beyond the 10 year average to 7.2% by 2023 and then retain this as such until the end of the plan period. Whilst laudable, this appears highly optimistic given that this is nearly 2% lower than the 10 year average which includes peaks and troughs in the economy. The realism of sustaining a substantially lower level of unemployment in North East Lincolnshire than experienced over the recent past must be questioned. The effect of the further reduction to the unemployment trends, upon the housing requirement, is to reduce the figure from 778 to 702dpa. Neither the consultation document nor the background evidence identify how such a decrease will be achieved or retained, the obvious threat is that the plan will not achieve its economic goals due to a lack of suitable housing supply, or that it will lead to a significant increase in in-commuting, neither outcome is desirable. The HBF consider that a requirement of 778dpa, which represents the same scenario without the implied further reduction in unemployment to be more robust. This would still take account of increased levels of economic participation and reduced unemployment.

24. The analysis of the housing requirement does not appear to take account of 'Market Signals'. The PPG advises that market signals include land prices, house prices, rents, affordability, rates of development and overcrowding (ID 2a-019). A worsening trend in any indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (ID 2a-020). The 2013 SHMA does provide some context on some of these signals but crucially there is no clear indication if and how they have been taken into account. This is a fundamental element of determining the objectively assessed need for housing (PPG ID-2a-019). The HBF considers this a failing of the current needs assessment and refers the Council to the recent interim comments by the Inspector of the Cheshire East Local Plan Strategy document (12th November 2014) who notes that;

'SHMA takes account of a range of market signals, including house prices, rents and affordability, whilst other evidence addresses the past rate of development and overcrowding. However, it is not clear how the results of these assessments have been taken into account in the OAN estimates, they are not specifically referred to in the background forecasts and no direct action seems to have been taken to address these factors in the assessment of overall housing need.'

25. The HBF recommends that prior to submission the Council consider each of these elements in turn and identify if any, or all, require an upward adjustment of the housing requirement to be made.

26. Furthermore the Council has identified an affordable housing need of 586 dwellings per annum over the first five years (paragraph 6.63, 2013 SHMA). The PPG states that an increase in the total housing included in a plan should be considered where it could help to deliver the required number of affordable homes (ID: 2a-029). Recently 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 need is a policy choice which means that the Councils should demonstrate that either affordable housing need is met or justify why it cannot be met and address any unmet need through the Duty to Cooperate. A housing requirement of 702dpa will not meet the affordable housing need and as such an increase is justifiable.

27. In conclusion whilst the HBF support the Council in seeking to raise its housing requirement from previous targets to align with its economic growth ambitions it is considered to fall short. It is recommended the Council undertake further work to identify whether its economic growth ambitions are sufficiently aspirational when considered in the context of the growth potential of the two LEP areas in which it sits. Presuming such a growth scenario is justified it is considered that a housing requirement of at least 778dpa is likely to be more appropriate dependent upon the outcomes of the market signals analysis and the starting point of unemployment being set at 10.8%.

Stepped approach

28. The stepped approach is provided in an attempt to align housing growth with the economic growth anticipated over four distinct periods, three five year periods and one four year period. Whilst the logic behind the Council's rationale is noted this assumes that economic growth will occur exactly as envisaged. This is unlikely to be the case and whilst economic modelling is useful for long-term projections their validity over short time periods is questionable. Any restriction upon supply early in the plan period will simply serve to hold back the level of potential growth in the early periods of the plan and place pressure upon later phases, post 2023, due to the higher rates of delivery required. The restriction of supply early in the plan period would become a self-perpetuating prophecy in relation to economic performance, not only from preventing sufficient migrants from moving to the area but also due to the lost revenue and jobs which house building brings.
29. Furthermore the stepped approach takes no account of the lead-in times for housing development and the need to ensure that the housing offer is available at the time that the economic growth occurs to ensure that employers will be attracted to the area.
30. The HBF recommend that an average rate of dwellings over the whole plan period be utilised. This will not only ensure that there is not significant increases in delivery required in later phases of the plan but will ensure that developments can be planned and delivered in a suitable manner and ensure that housing and its associated infrastructure provision is in place enabling economic growth to occur.

The overall spatial vision

31. The HBF is supportive of the '*overall spatial vision*' which is considered to be positively worded and is an aspirational, yet realistic vision of the future. In particular we welcome the second paragraph which recognises the need to improve housing delivery to support economic growth and the needs of the area.
32. The achievement of the vision will require the remainder of the plan, including its policies and subsequent implementation, to provide a similarly positive framework within which sustainable development can occur. Whilst it is considered there is much to commend about the Pre-submission draft plan we do note a number of areas which require amending to ensure that the vision is achieved. These changes are discussed in greater detail against the relevant sections of the plan.

Strategic objectives

33. The HBF is largely supportive of the strategic objectives particularly SO1, SO3 and SO4, albeit our support for SO1 is caveated by our comments upon *Statement 4: The housing requirement* above.

Policy 2: Development boundaries

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

34. The development boundaries, and the criteria within the policy, do not take account of development needs beyond the plan period, or the need for flexibility. Whilst it is recognised that the allocations combined with other sources of supply provide for an additional 751 dwellings, see our comments (paragraph 39) below, this is only marginally greater than an additional years supply (based upon the suggested housing requirement). This therefore does not provide any longevity of development boundaries beyond the plan period.
35. The HBF recommends that safeguarded land, or similar, be provided to meet the longer term development needs of the area. Such an approach would provide certainty to the development industry and residents alike over the long-term development of the area. Additionally such an approach could provide additional flexibility within the plan by providing contingency sites which are anticipated for development beyond the plan period but could be released early subject to criteria. Such criteria may include the lack of a five year supply or higher than anticipated rates of growth.

Paragraph 13.8

36. The HBF support the use of the Sedgefield method, as identified in this paragraph, to deal with the shortfall accrued over the early years of the plan period. This is considered consistent with the requirements of the NPPF and PPG. It should, however, be recognised that the HBF consider the shortfall to be greater than identified as we do not agree that the stepped approach to the housing requirement is soundly based, see our comments upon *Statement 4* above.

Policy 11: Housing allocations

The policy is considered unsound as it is not effective or positively prepared.

37. The HBF does not wish to comment upon the acceptability or otherwise of individual sites and allocations. In terms of the yield it is important that this is based upon dialogue with the relevant developer, land owner or site promoter wherever possible. This will need to be monitored and the housing trajectory amended to take account of the monitoring information and continued dialogue. Furthermore the total site capacity should be clearly expressed as indicative only to reflect the inherent uncertainties prior to a planning application being approved.
38. The HBF considers the policy to be unsound as sufficient sites are not provided to ensure that the housing requirement is met in full over the plan period. Paragraph 13.9 of the consultation draft plan clearly identifies that;

“...the estimated deliverable capacity within the plan period is lower than the housing requirement..”

39. Whilst the overall anticipated capacity of sites exceeds the identified requirement by 751 units the fact remains that over the plan period the amount of delivery anticipated falls short of the overall requirement. The Council justifies this

by suggesting delivery rates may increase due to national and local stimuli. Whilst this may be the case this is only conjecture and the Council's current evidence base does not support this. This also needs to be considered in the context that the housing requirement is, quite rightly, expressed as a minimum. Therefore to be positively prepared and internally consistent the plan should seek to deliver this requirement as a minimum. If sites deliver faster than anticipated this will still be within the ethos of the plan and the NPPF.

40. Furthermore the Council is reliant upon all of its existing commitments to be brought forward. This is unlikely due to a number of reasons, such as speculative applications, site valuations etc. The HBF therefore consider that a more robust calculation would be to apply a discount to the sites with planning permission or awaiting Section 106 sign-off. Ideally this should be based upon previous rates of unimplemented permissions. Without such information a common approach used elsewhere and accepted at a number of planning appeals is to provide a 10% deduction in unimplemented housing permissions to take into account that some commitments may not come forward (eg. Rothley APP/X2410/A/13/2196928 & Honeybourne APP/H1840/A/12/2171339).

41. In terms of windfalls the HBF does not dispute that windfalls have played a part in the recent supply of land within North East Lincolnshire and will continue to do so in the future. It is, however, clear that with the provision of an up to date plan and more detailed evidence base the likely quantum of windfalls is likely to decrease over the plan period. The HBF therefore agrees with the conclusion within paragraph 13.11 of the consultation draft plan that no allowance should be provided for major windfall sites. The plan does, however, provide a small site windfall allowance of 1,073 dwellings over the plan period. This represents an element of risk within the plan which will need to be managed. It is also unclear whether there is any double counting between the small sites windfall allowance and the committed sites, as those anticipated to deliver within the next few years will in most cases already benefit from planning permission.

42. To rectify the potential shortfall in delivery and to ensure that the housing requirement is met as a minimum the HBF recommend that further allocations or sources of supply be identified, inclusive of a buffer over and above the housing requirement to provide flexibility and ensure the housing requirement to be delivered in full, as a minimum.

Policy 13: Housing Mix

43. The HBF considers the draft policy provides a balanced response to meeting housing needs, in terms of type, tenure and size. The policy and supporting text recognise that a flexible approach to ensure development viability is maintained but also ensure that the plan as a whole can respond to changing needs both spatially and temporally.

44. The HBF would not support a prescriptive housing mix policy as this would not allow sufficient flexibility to deal with the individual characteristics of sites and locations or changing needs and aspirations over time.

Policy 14: Provision for elderly person's housing needs

The policy is considered unsound as it is not adequately justified.

45. The HBF is supportive of providing specialist accommodation such as care homes or housing for older people and considers the majority of the policy to be soundly based. The areas of concern relate to the reference to Lifetime Homes, which following the Governments Housing Standards Review is no longer relevant.

This has now been replaced by optional accessibility standards contained within the Building Regulations. The PPG, section 56, paragraphs 5 to 12 provide further detail including the criteria for the introduction of the optional standards. The HBF is unaware that the Council can provide such justification at this stage, crucially viability is likely to be a significant issue.

46. Whilst it is recognised that the policy suggests it will '*encourage*' the implementation of the Lifetime Homes standards in all new developments it is unclear how such encouragement will work in practice. Without adequate justification the Council cannot require the optional accessibility standards.
47. It is therefore recommended that the reference to Lifetime Homes be deleted and if the Council wishes to '*encourage*' the incorporation of the optional access standards it should be clearly noted within the supporting text that developments will not be required to meet these standards.

Policy 15: Housing density

48. The HBF is supportive of the policy which identifies that the density will be addressed on a site by site basis. This is considered a pragmatic approach given the range of sites and locations identified within the plan. The ranges contained within table 13.10 are considered appropriate providing that developments that fall outside these ranges can be considered acceptable with adequate justification.

Policy 16: Affordable housing

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

49. The need for affordable housing within North East Lincolnshire is clearly evidenced within the 2013 SHMA. The targets for affordable housing proposed in some parts of the area are not, however, considered to be adequately justified.
50. Despite the clear evidence of need within the urban areas the HBF support the inclusion of a zero rate of affordable housing within the low value areas. This is required due to the clear viability issues inherent with housing delivery in this area. It is clear from the Council's own evidence that delivery within this area is already severely compromised and any affordable housing contributions are likely to mean that virtually no development would occur.
51. Within the medium and high value areas variable affordable housing rates are suggested ranging from 5% on medium value area brownfield sites to 25% on high value area sites. Whilst it is considered a pragmatic approach to reduce affordable housing contributions where viability is most marginal the Council's published evidence (*Local Plan and CIL Viability Assessment, 2013*) does indicate that a requirement for 10% affordable housing on greenfield sites within the medium value area is unlikely to be viable (Table 42) and indeed a 5% contribution may be difficult to achieve (Table 43). In addition the study advises that strategic sites, within the high value areas, are unlikely to achieve the levels of affordable housing required due to the costs of other infrastructure (paragraph 1.21 and page 127), this should be reflected within the policy. Furthermore the increased requirements and costs associated with the changes to the Building Regulations do not appear to have taken into account within the aforementioned tables. The impact of such changes are illustrated by the costs associated with the now repealed Code 4 of the Code for Sustainable Homes (Table 36) which suggests an uplift in costs to the old Code 4 or equivalent has a significant impact upon viability.
52. The HBF recognises that the Council is undertaking further updated viability work and that a *Local Plan Viability Assessment Update (2015)* is in the process of

being finalised, as indicated at paragraph 17.4 of the consultation document. Unfortunately at the time of writing this important part of the evidence base was not available and as such the HBF will retain our objection to the affordable housing targets. This position will be reviewed once the 2015 *Local Plan Viability Assessment Update* is available for public scrutiny.

53. The need to consider viability in applications is supported. It is, however, important that this useful clause is not retained simply in an attempt to justify unviable policy contributions. This would be contrary to the NPPF, paragraph 173.
54. The HBF is also supportive of the off-site contribution clause. Where agreed by both the Council and developer it will provide a pragmatic solution to meeting affordable housing needs where the need is greatest (within the urban area) but also ensuring delivery of housing within higher value areas.

Policy 18: Self-build and custom build homes

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

55. Whilst it is recognised that the NPPF, paragraph 50, supports the provision of self-build and custom build homes it does not indicate that a prescriptive requirement should be provided upon specific sites. The identified requirement is not justified by an evidence of need, nor is there any acknowledgement of the potential viability implications of these requirements.
56. As noted against other policies within the plan the viability across much of the plan area is at best marginal it is therefore possible that these additional requirements will create viability issues for the identified sites. The HBF recommend that the requirement be replaced by a general encouragement for the provision of plots for self-build and custom build. Alternatively if the Council can justify the requirement the policy should add in a '*subject to viability*' clause.
57. If the requirement for self-build and custom build plots can be justified the HBF support the inclusion of the final paragraph.

Information

58. 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
59. 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 North East Lincolnshire and therefore request that my details are retained on your consultation database.

Yours sincerely,

MJ Good

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