

Date: 21st April 2016
Consultee ID: 052

EDEN DISTRICT LOCAL PLAN (2014-2032) EXAMINATION

Issues and Questions for Examination Hearing Statement

1. The following hearing statement is made for and on behalf of the Home Builders Federation. This statement responds to selected questions set out within the Inspector's *Issues and Questions for the Examination* document (examination ref: EL1.004b).
2. The Inspector's Issues and Questions are included in bold for ease of reference. The following responses should be read in conjunction with our comments upon the submission version of the Local Plan, dated 30th November 2015. The HBF has also expressed a desire to attend the examination hearing sessions.

Issue A. Duty to cooperate

Has the Council satisfactorily fulfilled its requirements under the Duty to Co-operate?

3. The HBF set out our concerns in relation to the fulfilment of the Duty to Co-operate at the submission stage of the plan. The HBF is unaware of any further evidence in this regard and as such we have no further comments to make at this stage.

Issue B. Overall Plan

Is the plan justified and supported by a sound and credible evidence base?

4. The HBF has a number of concerns which relate to the soundness of the plan. It is, however, considered that many of these concerns could be overcome by modifications. Where possible, and in the interests of achieving a sound plan, we highlight potential modifications for consideration. We address concerns with individual policies and evidence against the relevant questions below as well as within our comments upon the Submission Version of the plan.

Issue C. Policy LS1 – Locational Strategy

Is this policy justified, effective and consistent with national policy?

5. No, the policy is not considered to be justified, effective or consistent with national policy. Our principle objection relates to the 10% cap on Key Hubs.

Penrith

Should the plan identify areas for further development to be used in the period after 2032?

6. Yes, this is a pro-active approach to planning for future development needs providing certainty for developers and residents alike. It would also provide a contingency if the plan fails to deliver against its requirements and an early review is necessary.

Key Hubs

The only criterion being used to determine the scale of development in Key Hubs is 10% of the existing size of the village on a single new site. Is this a sound approach i.e. is it justified and effective?

7. No, the HBF does not consider this to be a sound approach as it takes no regard of the sustainability of the site, the needs of the community nor the potential infrastructure benefits which could arise from greater levels of development. The cap appears arbitrary and does not appear to be based upon any assessment of

development potential, constraints or capacity within the Key Hubs. The Sustainability Appraisal does not consider this issue.

8. The Council argues in their response to our comments upon the cap that;

“The 10% figure quoted is intended to provide clarity about the scale of development appropriate within the Key Hubs. Eden’s villages, like many, have grown organically over the years; very few have experienced large housing estate led growth. The aim of this policy wording is to ensure that these growth characteristics are acknowledged in the future development pattern of our villages.” (Eden District Council Response to Representation 19 Comments Post Submission, pg 47 Examination ref: EL1.003)

9. Whilst the HBF agree that character and setting are important considerations for any development the size of a development is not usually the determining factor as suggested by the policy and the Council’s response. Within our comments upon the submitted plan we provide potential alternative wording which places emphasis upon respecting the historic character and form of the settlement. These we suggest are more important considerations than an unjustified cap which may simply thwart much needed sustainable development.

Is 10% a justifiable limit on new housing development within Key Hubs on a single site?

10. No, I refer to the answer provided above.

Does the Policy provide clarity as to the level of development overall that would be acceptable in each of the Key Hubs over the life of the plan and how would this be regulated?

11. It is not considered that the plan does provide such clarity. This would, however, have to be based upon firm evidence regarding supply and capacity constraints within each of the Key Hubs. The HBF would not support caps upon development within certain settlements, our reasoning for this is set out below.

Should a cap on the amount of development within Key Hubs be introduced?

12. No, whilst indicative levels of development may be appropriate a cap would be contrary to the provisions of the NPPF which seeks to provide a significant boost to housing supply. It is notable that the East Riding of Yorkshire sought to apply ‘caps’ to the levels of development within its Rural Service Centres and Primary Villages through its Local Plan Strategy document. The Inspector in this case, within his final report, dated 25th January 2016, noted that in relation to such caps;

“The Government’s aim of boosting significantly the supply of housing is clear from the NPPF. The proposed ‘caps’ do the opposite. They deliberately suppress the level of housing that would otherwise be delivered through the consistent application of the broad approach to housing distribution chosen by the Council.” (paragraph 110).

13. The HBF, made similar arguments at the examination and therefore agree with Inspector on this issue. To do otherwise would be contrary to national policy.

Should the list of Key Hubs be reviewed during the plan period?

14. Yes, if circumstances change. The introduction of new infrastructure may lead to a change in the sustainability and development potential of a settlement. This may elevate settlements to Key Hub status or elevate Key Hubs to a higher status.

Is the failure to identify sites for at least some of the development proposed to be located within Key Hubs appropriate and consistent with National Policy?

15. The NPPF, paragraph 47, requires plans to identify a supply of specific, deliverable sites for the first five years of the plan, with later stages requiring either specific sites or broad locations. In this regard, given that the Council is anticipating 20% of supply to come from Key Hubs, it would appear appropriate to include a number of allocations within such localities. This would provide a degree of certainty to the Council, development industry and residents within these settlements where development was considered acceptable. In addition it would also allow infrastructure providers to plan for any additional infrastructure required as part of a development. Finally it would assist in ensuring that the plan could deliver against its 20% requirement for such settlements.

Smaller Villages and Hamlets

Are the two criteria that seek to control development in the Smaller Villages and Hamlets mutually exclusive?

16. It is noted that the Council's proposed modifications now include the word 'or' between the two bullets. Notwithstanding our other concerns, highlighted below, this inclusion is supported.

What is the justification for restricting development on greenfield sites to that which meets local demand only whilst not applying such a restriction to previously-developed land?

17. The current policy wording effectively prioritises the re-use of previously developed land over and above greenfield sites, in terms of market housing, without consideration of the relative sustainability benefits or need for development. The HBF advocate that each site is viewed upon its merits and that such restrictions are not applied to either greenfield or previously developed land.

How is local demand to be defined?

18. This is unclear and should be better defined, if it is considered a sound approach. It is our view that this ambiguous policy clause should be removed.

Should infill sites and rounding off be defined?

19. Whilst such terms are commonly understood by those in the industry, further definition with the plan would provide greater transparency and certainty.

Should market led housing development be promoted in the Smaller Villages and Hamlets?

20. Yes, such developments will provide for the needs of the area and ensure that the smaller villages and hamlets remain vibrant locations to live.

Should the policy specifically refer to and define the nature of infill development within the Smaller Villages and Hamlets?

21. Yes, I refer to our response provided in paragraph 19 above.

Should market development be allowed on infill sites within the Smaller Villages and Hamlets?

22. Yes, such developments will provide for the needs of the area and ensure that the smaller villages and hamlets remain vibrant locations to live. It will also assist in ensuring that the plan requirement for these settlements can be met.

Issue D. Policy LS2 - Housing Targets and Distribution

Has this policy been positively prepared, is it justified and effective and is it consistent with national policy?

23. I refer to our responses below.

Does the provision of 3600 additional dwellings between 2014 and 2032 represent the Full Objectively Assessed Need for Eden District?

24. No, the provision of 3600 additional dwellings, or 200dpa, is not considered to meet the Full Objectively Assessed Need (FOAN) of the area. Our reasoning for this conclusion is set out within our comments upon the submitted plan, we expand upon some of these points below.

Population and Household Growth

25. In terms of demographic issues these were covered in our comments upon the submitted plan, paragraphs 16 to 21. The Council has not sought to address our concerns. In relation to migration trends and the impact that longer term trends, which include both peaks and troughs in the market, it is notable that neighbouring Carlisle, who are in the latter stages of their examination process did see fit to consider longer-term migration trends and the impact of a restricted housing supply (Carlisle Strategic Housing Market Assessment Update, 2014). Given the impact such trends, which are a key component of the housing needs of the area, it remains unclear why the results of the POPGROUP projections, table 3, SHMA (examination ref: EB030) are not considered in greater detail. This table identifies stark differences between the three projections (zero net population, 5 year migration trends and 10 year migration trends) and would have a significant impact upon the demographic baseline needs of the area.

Market Signals

26. Within our submission comments upon market signals we raise the issue of past under-delivery (paragraph 23). It is worth noting that the SHMA does provide a slight uplift of 11dpa for past under-delivery above the demographic starting point (SHMA paragraph 4.50). However if considered against the level of under-delivery identified in Table 3.4 of the SHMA it is evident that this falls way short of the level of under-delivery.

27. Since 2003 there has been a consistent shortfall of housing completions against the annualised Core Strategy target of 239dpa. This led to a cumulative shortfall of 843 dwellings over the period 2003 to 2014, equivalent to 32% of the requirement. The increase of just 11dpa identified in the 2015 SHMA is equivalent to just a 9% uplift. This is not considered sufficient to address lack of past supply.

Economic Growth

28. The HBF does not consider the Council's preferred scenario 'Method 1' to be sound, our reasoning is explained within paragraphs 26 to 28 of our comments upon the submitted plan. This method does by the Council's own admission have significant limitations and flaws and is not entirely robust and is only indicative (SHMA, paragraphs 4.100 and 4.101). This therefore brings into question the validity of this assessment of the FOAN for Eden. Whilst we do not intend to re-iterate the points made within our comments upon the submitted plan it is worthwhile exploring a few issues in greater detail.

29. A key criticism of 'Method 1' is that it utilises an average household size to determine the likely increase in housing required to meet economic projections. This is inconsistent with the 2012 sub-national household projections (2012 SNHP) which utilise Household Representative Rates (HRRs), formerly known as headship rates. The HRRs are the proportion of people who are household representative persons (formerly heads of household). The SHMA (para 4.98 and Table 21) identify an average household size of 2.28 and then uses this to drive the housing need figure in Table 21. This methodology is inconsistent with the national projections and pays no regard to the propensity for the rate of household formation amongst

different age groups. In reality, the Council's projections provide a static picture of household formation, whereas the SNHP apply rates of change for individual demographic groups; which are combinations of age, sex and relationship status. The rates for groups vary hugely, and therefore a main driver of projected household change is the changing age profile of the population.

30. The use of average household size does not take account of these variations. This is therefore likely to significantly under-estimate housing need. This is because to meet the economic growth projections an increase in working age residents will be required to fill the jobs. These age groups have a greater propensity to form a household and begin a family, or alternatively already comprise a family. As the children of these households grow older they will, themselves require housing later in the plan period. Furthermore a static household size calculation also ignores the fact that the current population of Eden is ageing faster than the national average (plan paragraph 2.1.9). This is likely to reduce average household size. The reason is that older people on average live in smaller households, as many are empty-nester couples or widows / widowers. This phenomena is described in the 2015 PAS guidance '*Objectively Assessed Need and Housing Targets: Technical advice note*' (paragraphs 6.11 and 6.12).
31. The above reasons lead the HBF to consider that the Council's preferred scenario for household growth, Method 1, is fundamentally flawed. Strangely the issues of increased propensity for household formation amongst working age residents is identified by the Council as a potential weakness of Method 2 (paragraph 4.105).
32. The Council's SHMA (paragraph 4.100) also acknowledges that Method 1 creates a potential circularity issue. On this issue the 2015 PAS guidance '*Objectively Assessed Need and Housing Targets: Technical advice note*', paragraphs 8.5 to 8.10, identifies that such methods often produce invalid results due to circularity and / or flawed logic. This is because population is both an input and an output of the model. A more appropriate methodology is, according to the PAS advice, to integrate demographic projections and economic forecasting. This would lend more weight to the POPGROUP outputs, identified in Method 2. It is notable that the use of POPGROUP has been accepted at numerous Local Plan examinations as a valid source of household modelling.
33. POPGROUP is also the favoured model of the Cumbria Observatory and that both Allerdale and Carlisle have utilised POPGROUP to derive their housing requirements. This common methodology was seen as a strength by the Inspector of the Allerdale Local Plan in her report dated 23 October 13 (paragraph 8).
34. It is also worth considering the criticisms levelled at 'Method 2' and the use of POPGROUP. These are included in paragraph 4.105 of the SHMA. The first bullet indicates that POPGROUP results are sensitive to;

"...levels of net commuting, unemployment, economic activity and in-migration, all of which can change in the future. POPGROUP also assumes there is a direct link between the number of jobs in an area and the number of houses, which is not true in reality, particularly as people can move in and out of the district to work"
35. The HBF does not dispute this fact, but the same criticism can be levelled at 'Method 1' which also makes assumptions. Therefore to criticise the Method 2 for this is unjustified. We contend it is the validity of the assumption used which is the key factor rather than the fact an assumption is used.

36. The second bullet notes;
“As working in-migrants tend to be younger adults and have the greatest fertility rates, the model then starts adding in extra people in the years following the new jobs as the people who migrate in then have children. In addition, because the population-led scenarios project a dip in working age adults, the model has to bring in more migrants than just those needed to fill the new jobs because the model also has to fill the existing jobs in the area; to make up for the drop in local working age people. It is this self-reinforcing trend that drives the higher numbers”

As noted in paragraph 30 above we consider this reality a strength rather than a weakness of this method and it is more closely aligned with the methodology used to derive the 2012 SNHP.

37. Finally bullet 3 refers to the fact that the model can only have only driving factor. Whilst this is true it ensures that the circularity inherent within Method 1 does not occur and as such is likely to create a more credible result. Furthermore Method 1 is also primarily driven by economic growth forecasts.
38. Due to the reasons provided above and our earlier comments upon the submitted plan the HBF consider that Method 2 represents a more realistic assessment of the FOAN for Eden.

Would a target of 200 dwellings per annum facilitate a significant boost to the supply of housing within Eden District?

39. Whilst the delivery of 200dpa is an increase upon previous levels of delivery, these levels were significantly below previous targets, as discussed in paragraph 27, above. Therefore 200dpa could only be considered an uplift against past failure, rather than providing the boost required to address the housing needs of Eden.
40. Furthermore Eden District Council adopted its Core Strategy on 31 March 2010, this identified a housing requirement of 239dpa. It is therefore difficult to reconcile a lower housing requirement with providing a significant boost to supply.
41. It is also notable that the Market Signals analysis within the SHMA identifies that Eden already has the second worst affordability ratio at 6.46 (which is above the national average) and second highest median house prices in Cumbria (based upon CLG statistics), indicating stress in the market. Once again this points to a need to increase supply.
42. The HBF therefore concludes that the proposed housing requirement does not provide either for the FOAN needs of the area or a significant boost to supply.

Is the distributional strategy sound, particularly with regard to the distribution of residential development between the different tiers in the settlement hierarchy?

43. No further comment.

How much previously developed land suitable for housing is there in the Smaller Villages and Hamlets?

44. This is considered a matter for the Council to address, however the deliverability of such land given the clauses within Policy HS2 must be questionable.

Would the criteria in Policy HS2 facilitate the building of 360 dwellings during the plan period?

45. No, the criteria are restrictive and limited to infilling and rounding off the current village settlement pattern and a floorspace cap. The effect of this policy will be to severely restrict market opportunities, which must bring into question the deliverability of this source of supply. Given that the Council is requiring such sites to deliver 10% of its housing requirement over the plan period a more permissive policy is recommended.

Should the footnotes to Policy LS2 confirm that the housing provision figures are net of demolitions?

46. Yes, this would aid clarity and provide certainty.

Have the Council used the correct methodology and assumptions when calculating the five year housing requirement?

47. No. The Council's five year supply calculation is set out at paragraph 3.10 of the 2015 *Housing Land Supply Local Plan Review* (Examination ref: EB015).

48. The HBF agrees that the 'Sedgefield' method of addressing under-supply should be utilised and that a 20% buffer is required, in compliance with NPPF (paragraph 47). The 20% buffer is, however, only applied to the requirement and not the requirement plus shortfall. This is not considered appropriate. There are many decisions supporting the application of the buffer to both the requirement and shortfall. The following table provides a small sample of such decisions. The Amber Valley Inspector provides useful commentary upon the appropriateness of the two methods.

Reference	Local Authority	Date
Land at Tilehurst Lane, Bracknell: S78 appeal decision (APP/R0335/A/14/2219888), paragraphs 93 & 94	Bracknell Forest	2 nd February 2015
Land at Goch Way, Andover: S78 appeal decision (APP/C1760/A/14/2222867), paragraph 32	Test Valley	15 th May 2015
Warwick Local Plan: Inspector's findings regarding initial matters and issues, paragraph 41	Warwick	1 st June 2015
Amber Valley Local Plan: Inspector's letter	Amber Valley	10 th August 2015
Land off Tanton Road, Stokesley: S78 appeal decision (APP/G2713/A/14/2223624), paragraphs 41 to 47	Hambleton	7 th September 2015
Horsham District Planning Framework: Inspectors Report, paragraph 49	Horsham	8 th October 2015

49. The *Five Year Land Supply FAQs* produced by the PAS¹ also identify that they; *"believe the preferred approach is for the buffer to be applied to both the requirement and shortfall. This is the most appropriate order because it ensures the buffer is applied to the full requirement which represents all the need that exists. The idea is that for every year you underprovide the amount adds onto the requirement to be met in the next five years."*

50. The HBF therefore consider the correct calculation, based upon the Council's figures, of the five year requirement to be as follows;

Requirement (Sedgefield Method)	Total Supply
Housing Requirement: 1 April 2014 - 31 March 2032	3,600

¹ http://www.pas.gov.uk/local-planning/-/journal_content/56/332612/7363780/ARTICLE

Net Completions: 1 April 2014 - 31 August 2015	210
Target Completions: 1 April 2014 - 31 August 2015	283
Current Undersupply to date	73
5 Year Requirement	1,073
5 Year Requirement + 20%	1,288
Annualised 5 Year Requirement	258

51. Whilst the HBF has not undertaken a thorough analysis of the supply it is also notable that the supply side includes numerous sources which, at the time of publication of the report, did not benefit from permission, including existing allocations. This may bring into question whether the Council is presently able to justify a five year supply.

Issue J. Policy DEV5 - Design for New Development

Is this policy consistent with National Policy and Guidance?

52. I refer to the response provided below.

Are the references to the “Building for Life Guidelines” consistent with National Guidance?

53. The HBF supports the need for good design and the use of Building for Life (BfL), as noted within our comments upon the submitted plan we were a key partner in its production and the majority of our members already utilise the guidelines. Our main concern with the policy and supporting text is not the reference nor use of BfL12 it is how the Council implements the guidelines. The HBF would not wish to see a prescriptive requirement for all major developments to achieve specific scores under BfL12 if this ultimately is not appropriate for the site or is unviable. The plan is currently unclear upon how it intends to implement the BfL guidelines.

54. The PPG emphasises the need to ensure that plans are viable and deliverable, stating that;

The National Planning Policy Framework emphasises the importance of viability. It is futile designing and planning if there is no hope of proposals being implemented. Local plans must be informed by what is deliverable. However, proper planning, including good design, is the starting point. Initial proposals should then evolve to achieve the most appropriate balance between the vision and deliverability. (PPG ID 26-030).

55. The HBF therefore recommend that the policy, or supporting text, clearly articulate that viability and deliverability will be key considerations in the use of BfL12 or successor guidelines.

Issue K. Policy HS1 - Affordable Housing

Is this policy justified, effective and consistent with National Policy and Guidance?

56. I refer to our comments provided below.

Will the policy and the overall Development Strategy result in the requirement for affordable homes within Eden District being satisfied?

57. No, the HBF does not consider that the plan will deliver sufficient affordable housing to meet the identified needs over the plan period. The Council’s optimistic estimates included within its response to the Inspector’s initial questions (Examination ref: EL1.001b) identify that the policy is likely to result in an annual figure of 48.7 affordable units per year. This figure is, however, reliant upon the

Council achieving a full 30% requirement from all qualifying sites. Past history of delivery identifies an average of just 21.64% of all approvals. If the anomalous year of 2012-13, which accounts for over a fifth of all affordable housing completions since 2003, is removed actual delivery is lower at an average of 18.5%.

58. In such cases the PPG suggests;

'.....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. (ID2a-029)'

Is the seeking of 30% of all new housing as affordable homes a viable and effective solution to the need to provide affordable housing?

59. Within our comments upon the submission version of the plan we raised significant concerns with the viability evidence. This is because the currently available evidence does not consider the cumulative impact of plan policies and obligations, such as those inherent within Policies DEV5, HS5², ENV5, COM2 and the affordable housing requirement. This is directly contrary to the NPPF. It is noted that the Council is producing a *Whole Plan Viability Assessment* (Examination ref: EB033), however at the time of writing this essential element of the evidence base is not available. The lack of this important part of the evidence base limits opportunity for comment. The HBF therefore, respectfully request a further opportunity is made available to comment upon this evidence, and this question, prior to the Inspector making any recommendations upon the plan.

Is the site threshold of four units viable and appropriate?

60. I refer to our comments above (paragraph 59).

What impact is the Starter Homes Initiative likely to have on the provision of affordable housing?

61. This remains an area of significant uncertainty. The policy will need to be sufficiently flexible to deal with the likely requirement for Starter Homes.

Is a discount of 40% on market value viable and effective?

62. I refer to our comments above (paragraph 59).

Issue L. Policy HS2 - Housing to Meet Local Demand

Is this policy justified and effective?

63. I refer to the comments provided below.

Is the policy sufficiently flexible to facilitate the construction of 360 dwellings within the Small Villages and Hamlets?

64. No, it is considered that the policy will place a significant restraint upon delivery within Small Villages and Hamlets and refer to our previous comments in relation to Issue L, above.

What is the justification for the 150m² limit on dwelling size?

65. The HBF does not consider that there is a justification for this limit. It is also considered that the limit is contrary to the intention of the Governments Housing Standards Review.

Is the local connection criteria justified?

² It is noted that the Council has produced a background paper upon policy HS5 (examination ref: EB034). This paper has not been subject of previous consultations and makes broad comments upon the viability implications of the policy with no supporting evidence.

66. No, if as we agree, local connection criteria are not required for previously developed land it is nonsensical to include it upon other sites. This can only be seen as a policy tool to prioritise previously developed land which is contrary to the NPPF.

Issue P. ENV5 - Environmentally Sustainable Design

Is this policy justified and consistent with current National Guidance?

67. The policy is not considered to be justified or consistent with national policy. Our concerns specifically relate to the requirement in part 4 which requires, where practical consideration of;

“Integrating renewable energy technology into the scheme, and in larger schemes exploring the scope for district heating”.

68. Plan paragraph 4.8.23 clearly, and correctly, acknowledges that;

“As a result of the Government’s National Standards Review, which was finalised in March 2015, local authorities can no longer apply additional standards relating to the construction, internal layout or performance of new dwellings”

The policy is therefore considered at odds with the supporting text and national policy as it essentially requires developers to consider alternative forms of energy production. It is also notable that there is no tangible evidence that such requirements would be achievable or viable and as such this simply places undue burdens upon the development industry. It is notable that a similar policy requirement was proposed in the Knowsley Local Plan Core Strategy. In his recent report, dated 25th November 2015, (paragraph 156) the Inspector noted;

*“Clause 7 of Submission policy CS 22 requires major developments to include decentralised renewable and low carbon energy systems, where technically feasible and economically viable. However, there is no compelling evidence that a decentralised energy network would be feasible or viable for the large scale housing schemes proposed in the Plan, let alone schemes above the 10 dwelling/1 hectare threshold for major developments proposed by the Council. Consequently the inclusion of such a requirement is not justified; **MM30** includes the necessary deletion”.*

69. Furthermore the Inspector of the East Riding Local Plan Strategy also notes in his report dated 25th January 2016 (paragraph 261) that;

“The plan does not seek to introduce local requirements in relation to the sustainability credentials of individual buildings. Rather, it relies wholly on the application of the Building Regulations in this regard. That approach is consistent with national policy”.

70. The HBF agrees with both Inspectors and recommends the deletion of part 4 of this policy.

Yours sincerely,



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