



Central Lincolnshire Local Plan Team
c/o North Kestevens District Council
District Council Offices
Kesteven Street
Sleaford
NG34 7EF

SENT BY E-MAIL AND POST

26th May 2016

Dear Sir / Madam

CENTRAL LINCOLNSHIRE JOINT 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 in due course attend the Joint Local Plan 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 Councils must co-operate with other prescribed bodies to maximise the effectiveness of plan making. The Duty to Co-operate requires the Councils to "*engage constructively, actively and on an on-going basis*". The high level principles associated with the Duty are set out in the National Planning Policy Framework (NPPF) (paras 156, 178 – 181). In addition there are twenty three paragraphs in the National Planning Practice Guidance (NPPG) concerning the Duty. When determining if the Duty has been satisfied it is important to consider the outcomes arising from the process and the influence of these outcomes on the Joint Local Plan. A required outcome of co-operation is the delivery of full objectively assessed housing needs

(OAHN) for market and affordable housing in the housing market area (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 (para 182 NPPF).

The HBF commends Lincoln City Council, North Kesteven District Council and West Lindsey District Council for their collaborative working in preparing a Joint Local Plan for Central Lincolnshire. Although it has been determined that Central Lincolnshire is its own HMA and that full OAHN can be met within the three Councils administrative areas without recourse to neighbouring authorities Central Lincolnshire is not isolated. The Central Lincolnshire HMA has nine neighbouring Local Planning Authorities (LPA). It is centrally located between the Lincolnshire coast (East Lindsey and Boston District Council's), North Lincolnshire (North Lincolnshire and North East Lincolnshire District Council's), South Lincolnshire (South Kesteven and South Holland District Council's) and Nottinghamshire (Bassetlaw, Newark & Sherwood and Rushcliffe District Council's).

As part of this Joint Local Plan pre submission consultation the Councils have provided an accompanying Statement of Co-operation. It is suggested that a cautious approach should be applied to the responses received from neighbouring authorities concerning the strategic matter of meeting full OAHN as set out in the Statement of Co-operation. From the analysis of OAHN in neighbouring authorities in Appendix 2 of the Central Lincolnshire SHMA dated July 2015 by Turley Economics it is evident that there are overlaps between the defined HMAs and some discrepancies exist between the latest OAHN and housing requirements in adopted Plans. This is particularly noted for :-

- Bassetlaw District Council, where the eastern wards are identified as focussed on Lincoln and an increase in commuting to West Lindsey has occurred ;
- East Lindsey District Council, where the local housing market is dominated by Lincoln ;
- North East Lincolnshire District Council, where strong links with West Lindsey are identified ;
- North Lincolnshire District Council, where strong linkages to West Lindsey are noted together with commuting links to Lincoln.

The Councils should refer to the recent Local Plans Expert Group (LPEG) Report to Government published in March 2016 concerning its findings on the Duty and proposed recommendations. In the circumstances of differences between OAHN and housing requirements the lack of objections or formal requests from neighbouring authorities does not demonstrate that there is no unmet need to be addressed. Therefore the Councils should re-consider if there are any possible implications for the Joint Local Plan arising from the analysis contained in Appendix 2 of the Central Lincolnshire SHMA.

OAHN and Housing Requirement

It is noted that in the introductory text of the Foreword (page i) there is a reference to the next 20 years which is slightly misleading as the plan period is for 24 years from 2012 to 2036. This reference has the potential to cause some confusion, for example, when calculating dwellings per annum.

The Councils OAHN is set out in the Central Lincolnshire SHMA Report dated July 2015. The calculation of OAHN is summarised in the following Table :-

OAHN Calculation	Dwellings per annum
Starting point 2012 SNHP	970
Adjustment for 10 year migration trends & UPC	1,400
Response to worsening market signals by adjusting HFR in younger age groups (only supports 460 jobs per annum)	1,432
Economic baseline scenario with labour force growth matching anticipated scale of job growth (630 jobs per annum) & no change to commuting ratios	1,540
Alternative Lower Growth Economic Needs Assessment (ENA) (820 jobs per annum)	1,681
Alternative Higher Growth ENA (940 jobs per annum) more closely aligned to jobs growth seen preceding the recession of 2008	1,780
Alternative Experian employment led forecast	1,977
OAHN Range	1,432 – 1,780
Housing Requirement	1,540

The overall methodology used in the calculation of OAHN is appropriate with the exception of :-

- Is it appropriate to use adjustments to household formation rates (HFR) of younger age groups as a mechanism for responding to worsening market signals?

It is agreed that although the 2012 SNHP draw upon long term trends since 1971 the methodology applied by DCLG means there is a greater reliance upon trends experienced over the last 10 years than to those experienced over the longer term. The implication of this bias is that the latest SNHP continue to be affected by recently observed suppressed trends in HFRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability. Younger households were particularly affected by these past trends and evidence shows that HFR for these groups are likely to recover as the economy improves (Town & Country Planning Tomorrow Series Paper 16, *“New estimates of housing demand and need in England, 2001 to 2031”* by Alan Holman). Therefore an adjustment to HFR in younger age groups is appropriate. However as suggested in the LPEG recommendations for a standard methodology for OAHN

adjustments to HFR in younger age groups and for worsening market signals are separate and both are required (Flowchart Steps A & B in Appendix 6). Indeed the adjustment to HFR in younger age groups (25 – 44 years old) should be applied in the same way as the Councils have applied the 10 year migration adjustment to the trend based demographic projections. These adjustments establish the demographic starting point for the calculation of OAHN before further uplifts are applied ;

- Is the resultant adjustment equivalent to only 3% a sufficient uplift for identified worsening market signals?

The NPPG confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306). 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. Likewise the LPEG recommends up to 25% uplift dependant on house price and rental affordability ratios (text in Appendix 6) ;

- Is opting for the lowest economic forecast appropriate?

The proposal for additional growth under **Policy 54** if economic growth is greater than that planned for in the Joint Local Plan is an acknowledgement by the Councils of opting for the lowest possible economic forecast which is shown by the Councils own evidence to be below pre-recession jobs growth ;

- Is opting for the lower end of range of OAHN as the housing requirement appropriate?

It is inappropriate to opt for the lower end of a range of OAHN. In comparison Inspectors examining the North Somerset and the Brighton & Hove Local Plans found that if a range is identified the most appropriate figure to use is the upper end of the range. The North Somerset Local Plan Inspector concluded that "*the selection of the bottom end of the range was not in the spirit of positive planning and the national objective to boost significantly supply*" whilst the Brighton & Hove Local Plan Inspector confirmed "*the Framework's requirement that a LPA should assess their full housing needs ... my view is that the Plan should indicate that the full OAHN is at the higher end of the range*". Moreover as confirmed in the PAS Guidance "Objectively Assessed Need and Housing Targets" dated June 2014 (paragraph 6.2) "*if both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need*".

- Is no upward adjustment for the delivery of more affordable housing justified?

The Councils have identified a need for 17,400 affordable homes over the plan period (average of 725 affordable dwellings per annum) with a need for 911 affordable dwellings per annum in the short term over the next 5 years. 17,400 affordable homes represents 47% of the total proposed housing requirement yet only 15% - 25% of affordable housing provision will be achieved from S106 contributions due to viability constraints. As set out in the NPPG 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-029-20140306). Recently this approach was reinforced by Stewart J in *Satnam Millennium Ltd v Warrington Borough Council* (2015) who identified the proper exercise involves “(a) Having identified the OAN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing development; 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” and “(b) The Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in NPPF, paragraphs 14 and 47”. This demonstrates the importance of ensuring that affordable housing need is met. It is known that other Local Plans have included significant uplifts to meet affordable housing needs for example in Canterbury there is an uplift of 30% (paragraphs 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset there is an increase of 44% (paragraphs 77 & 78 BANES Core Strategy Final report 24 June 2014). The LPEG Report also recommends significant uplifts to meet in full OAHN for affordable housing (Flowchart Steps C & D in Appendix 6).

Policy LP3 proposes 36,960 new homes (1,540 dwellings per annum) over the plan period of 2012 – 2036. As discussed above a housing requirement of 36,960 dwellings is probably based on an under estimation of OAHN. Therefore it is suggested that these figures are expressed as “*minimum*” or “*at least*” in **Policy LP3** and in other policies setting out housing requirement numbers so there are no perceived ceilings on housing development. The use of “*minimum*” or “*at least*” prefixes would provide flexibility and compliment the Councils proposal under **Policy 54** which is an acknowledgement that the proposed housing requirement is at the bottom end of economic growth scenarios used in the calculation of OAHN.

Policy LP2 sets out a spatial strategy and a seven tiered settlement hierarchy comprising of :-

Tiered Hierarchy	Settlement
Lincoln Urban Area	Lincoln
Main Towns	Sleaford and Gainsborough
Market Towns	Caister and Market Rasen
Large Villages	21 named villages
Medium Villages	37 named villages
Small Villages	98 named villages
Countryside	Elsewhere

Policy LP3 sets out the level and distribution of growth across this settlement hierarchy whereby the housing requirement of 36,960 dwellings is distributed as follows :-

Location	No. of dwellings	%
Lincoln Strategic Area (urban region, Sustainable Urban Extensions (SUEs) and settlements which serve / serviced by Lincoln)	23,654	64%
Gainsborough (urban region and SUE)	4,435	12%
Sleaford (SUE)	4,435	12%
Elsewhere	4,435	12%

The HBF would query if this distribution meets the housing needs of population of which over half live in the rural area (para 2.2.3 of Joint Local Plan) and fulfils the Councils stated Vision that villages remain sustainable and thriving. If the most sustainable distribution is to meet housing needs where these needs arise then the proposed housing distribution will not meet housing needs in particular affordable housing needs in the rural areas. A core planning principle of the NPPF (para 14) is to *“take account of the different roles and character of different areas ... recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it”*. The NPPF emphasises *“to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities”* (para 55). The NPPG also recognises that all settlements can play a role in delivering sustainable development so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided (ID : 50-001-20140306). At the previous Examination of the Joint Local Plan the Inspector observed that the Sustainability Appraisal’s reasons for the choices on the proposed settlement hierarchy, the distribution of development and the selection of the specific SUEs were overly reliant on the revoked Regional Spatial Strategy and additional work was needed to give adequate reasons for selecting the preferred strategy and rejecting other options or reasonable alternatives (letter dated 16 December 2013 written by David Vickery). Moreover Figure 6.28 of the Central Lincolnshire SHMA Report suggests a more even distribution.

Land Supply

The Joint Local Plan allocates sites in the top 4 tiers of the settlement hierarchy comprising of Lincoln, Sleaford, Gainsborough, Market Towns and

Large Villages as set out in **Policies 49 - 53**. In the Medium and Small Villages a % of growth is indicated whilst in the Countryside development is restricted.

The HBF disagrees with the Councils sequential approach to development in smaller settlements as set out in **Policy LP4** and para 3.4.10 of the supporting text. This brownfield first approach is inconsistent with current 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. The NPPF also states that “*LPAs may continue to consider the case for setting a locally appropriate target for the use of brownfield land*” (para 111) but again there is no reference to prioritising the use of brownfield land. The Councils sequential approach relates back to previous national policies which are now inconsistent with current national policy. In 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*” (para 17). Therefore it is suggested that the wording of **Policy LP4** and its supporting text are changed to encourage rather than prioritise the re-use of previously developed land which is unsound.

As part of this Joint Local Plan pre submission consultation the Councils have provided a 5 YHLS calculation. The Councils 5 YHLS calculation is 5.33 years. The use of the 20% buffer, Sedgfield approach to recouping shortfalls and the application of the buffer to both the annualised requirement and the shortfall in the calculation are accepted as appropriate.

It is noted that in this calculation 60% of housing land supply is from allocations without planning consents and 6% is from windfalls. Whilst HBF does not comment on the merits or otherwise of individual sites it is critical that the Councils assumptions on lead in times with particular reference to requirements for master planning and delivery of infrastructure are accurate and realistic. In the Tables in the Appendix attached to the Councils 5 YHLS calculation there appear to be some inconsistencies about such assumptions. Moreover of the SUE allocations (16,350 dwellings) it is understood that only two schemes are consented and neither has started on site construction. The Central Lincolnshire Economic Viability Assessment dated September 2012 by Three Dragons stated “any proposed SUEs will need careful appraisal by the Councils and developers if seen as potential solutions to the current land supply targets”. Previously the Inspector also commented about evidence on what key infrastructure has to be provided and when it is required for there to be reasonably certain of the delivery of the SUEs as set out in the Housing Trajectory (letter dated 16 December 2013 written by David Vickery).

It is likely that any re-calculations would reduce the Councils 5 YHLS from 5.33 years to below 5 years in which case the Joint Local Plan would be out of date on adoption thereby failing the positively prepared and effective

soundness tests of the NPPF. This potential delivery gap was previously identified by the Inspector (letter dated 16 December 2013 written by David Vickery) and unfortunately these same concerns over deliverability and the lack of 5 YHLS on adoption remain. So whilst the Councils have sought to provide flexibility if economic growth exceeds expectations under **Policy 54** there is no such contingency if the proposed spatial strategy fails to deliver.

The Councils should be mindful that a more dispersed distribution pattern around existing sustainable settlements would provide greater flexibility if the spatial strategy fails to deliver as expected and may assist in achieving a 5 YHLS on adoption of the Joint Local Plan. As a consequence if the Councils consider allocating more sites, the Councils 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. In summary 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.

Housing Standards

The Deregulation Act 2015 specifies that no additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings should be set in Plans other than the nationally described space standard, an optional requirement for water usage and optional requirements for adaptable / accessible dwellings. The Council should re-check **Policy LP18** on Climate Change & Low Carbon Living to ensure that local standards are not been introduced which would be inconsistent with national policy.

Moreover the Written Ministerial Statement (WMS) dated 25th March 2015 confirmed 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”*. **Policy LP14** introduces the higher optional standard for water. As set out in the NPPG (ID 56-015) the need for and viability of opting for a water consumption standard higher than that required by Building Regulations should be fully justified. However the Councils evidence to justify doing so is now somewhat dated originating from 2010 and new evidence commissioned by the Councils is not available to comment on as part of this consultation so for example it is not currently evident if the entire Plan area or only parts thereof are subject to water stress. It is also

noted that the cost of this requirement was not included in the Councils latest viability testing.

Policy LP10 introduces the requirement for the higher optional standard of M4(2) accessible & adaptable homes applicable to 30% of dwellings on sites of 6+ units or 4+ units in rural areas. As set out in the NPPG (ID 56-007 and ID 56-003) this policy requirement should be justified based on need and viability tested. However the Councils have not provided sufficient local justification for the site threshold of 4+ or 6+ units or the 30% requirement.

Viability and Affordable Housing

If the Central Lincolnshire Joint Local Plan is to be consistent with national policy then development should not be subject to such a scale of obligations and policy burdens that viability is threatened (NPPF paras 173 & 174). Under the NPPF the Councils should properly assess viability. The purpose of whole plan viability assessment is to ensure that the bar of policy expectations is not set unrealistically high. 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. Only the exception rather than the majority of schemes should be subject to individual viability negotiations.

The residual land value model is highly sensitive to changes in its inputs therefore an adjustment or an error in any one assumption can have a significant impact on the residual land value. Therefore it is important to understand and test the influence of all inputs such as policy requirements 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 Councils latest viability assessment does not take account of :-

- Additional costs associated with higher optional water efficiency standard ;
- Reductions in social rent introduced in the Summer Budget and its consequential effects on transfer values received by house builders from RSLs increasing perceived risk and therefore adjustments to profit margins for affordable housing.

Policy LP12 refers to Developers Contribution Supplementary Planning Document (SPD). The Councils should clarify that no policy requirements will be hidden and no extra financial burdens imposed by this SPD. The Councils are reminded that the NPPF (para 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.

The other important assumption in viability testing is the benchmark land value against which the residual land value is judged. If the bench mark land

value is set too low the capacity to contribute to affordable housing, S106 payments, CIL and other Local Plan policy requirements will be over-estimated meaning that land will not be released for development and as a consequence housing targets will not be achieved. The HBF sponsored Report “CIL – Getting It Right” by Savills published in January 2014 demonstrated that on large greenfield sites using generic assumptions where sales values are £200 square foot or less the ability to pay CIL, S106 contributions and make affordable housing provision falls away to zero. It is believed that this conclusion is applicable to SUEs in Central Lincolnshire because as previously identified by the Inspector there are abnormal infrastructure requirements for the Lincoln sites and low land values in Gainsborough (letter dated 16 December 2013 written by David Vickery). It is also noted that the Gainsborough Regeneration area is unviable.

Policy LP11 proposes on sites of more than 4 units affordable housing provision of 25% in Lincoln, 20% on Lincoln SUEs, 15% on other SUEs and 20% elsewhere subject to viability. It is acknowledged that as a consequence of the Housing & Planning Act 2016, other recent Government consultations and the Court of Appeal judgement on *The Secretary of State for Communities & Local Government v West Berkshire Council & Reading Borough Council* **Policy LP11** will change before the Joint Local Plan is submitted for examination. Therefore at the appropriate time the HBF may wish to submit further comments on any changes proposed by the Council with regards to site thresholds and a mandatory requirement for a proportion of starter homes.

It is also noted that the Councils have commenced consultations (19th May – 16th June 2016) on respective Draft Community Infrastructure Levy (CIL) Charging Schedules and proposed Regulation 123 Lists. Whilst these are separate consultations there is an inter-relationship with the Joint Local Plan. In this regard there is an identified discrepancy between the recommendations contained within the Councils viability assessment for 20% affordable housing provision / CIL charge of £20 per square metre in Lincoln and 15% affordable housing provision / CIL charge of £15 per square metre elsewhere and the proposed Draft CIL Charging Schedules which include figures of £30, £25 and £20 per square metre. The Councils own viability evidence demonstrates that such proposed CIL charges combined with **Policy LP11** compliant levels of affordable housing provision are not viable. Therefore either the proposed CIL charges or the affordable housing provisions should be reduced.

Conclusions

For the Central Lincolnshire Joint Local Plan to be found sound under the four tests of soundness defined by the NPPF (para 182), the Plan must be positively prepared, justified, effective and consistent with national policy. It is recommended that for the Joint Local Plan to be found sound the Councils should re-consider :-

- Under the Duty to Co-operate any impacts from neighbouring authorities not meeting OAHN ;

- A housing requirement on the low side of an OAHN calculation which under estimates worsening market signals, economic growth and delivery of affordable housing ;
- A spatial strategy and housing distribution which is not meeting housing needs of a rural population where these needs arise ;
- No 5 YHLS on adoption of the Plan ;
- Lack of evidence to justify proposed higher optional housing standards for water efficiency and accessible & adaptable homes ;
- The unviability of development when Joint Local Plan policy requirements are combined with proposed Draft CIL Charges ;
- The implications of the Housing & Planning Act 2016 and the Court of Appeal judgement (The Secretary of State for Communities & Local Government v West Berkshire Council & Reading Borough Council) on the affordable housing policy as proposed.

It is hoped that these representations are of assistance to the Councils in informing the next stages of the Central Lincolnshire Joint 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**



Susan E Green MRTPI
Planning Manager – Local Plans

e-mail: sue.green@hbf.co.uk
Mobile : 07817 865534