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Dear Sir / Madam,

## **CRAVEN LOCAL PLAN – SECOND DRAFT**

1. Thank you for consulting the Home Builders Federation (HBF) on the draft Craven 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. The Council will be aware that the HBF provided comments upon the previous draft of the plan, dated 31<sup>st</sup> October 2014. We are pleased to note that some of the amendments from the previous plan closely accord with our earlier comments. There are, however, a number of areas where it is considered that further amendments or additional evidence is required to ensure that the plan is found sound at examination.

### **PLAN PERIOD**

4. The plan period is clearly set out at paragraph 1.8 of the consultation document. It is noted that the end date has been extended from 2030 in the previous consultation to 2032. Presuming that the plan will be adopted in 2017, this should allow a 15 year time horizon. This is consistent with paragraph 157 of the NPPF and accords with our previous comments, as such it is considered appropriate and is supported.
5. It is, however, noted that there is a disparity between the plan period and the evidence base, particularly in relation to the objectively assessed need for housing (OAN). This needs to be addressed prior to submission of the plan for examination.

### **DUTY TO CO-OPERATE**

6. We previously highlighted the need to provide clear evidence upon how the Council has discharged its obligations under the '*Duty to Co-operate*'. Whilst the statement at paragraph 1.11 is noted the HBF is unaware of any further evidence in this regard. It is recommended that the Council rectify this prior to submission.
7. A key area of concern for the HBF are cross-boundary housing issues. In this regard it is unclear how the 34 dwellings per annum (dpa) allocated to the Yorkshire Dales National Park, as described at paragraph 4.9 of the draft plan, has been derived. It is notable that the National Park recently submitted their Local Plan for examination. This document suggests a total housing requirement of just 55dpa, just 21 dwellings over the suggested need emanating from Craven. Given that the Park also includes parts of South Lakeland and Richmondshire, an additional 21dpa is unlikely to be sufficient to meet the full needs of the National Park. It is also notable that the National Park has not sought to identify its housing requirement on the basis of apportionment as suggested within the consultation document.
8. This issue is likely to be discussed in detail at the forthcoming examination of the Yorkshire Dales Local Plan. It is therefore important, for both Craven and the National Park, that this issue is adequately resolved. If left in its current situation it risks one or both plans being found lacking in terms of the Duty to Co-operate.

## **VISION AND OBJECTIVES**

9. The vision and objectives are generally welcomed and considered fit for purpose. Paragraph 2 of the vision retains reference to previously developed land being utilised where it is possible and appropriate. Providing this is not interpreted as prioritisation, which would be contrary to paragraph 111 of the NPPF, the HBF raises no concerns.
10. The HBF particularly supports objectives PO4 and PO5.

## **DRAFT POLICY SP1: MEETING HOUSING NEED**

11. The HBF is pleased to note that the housing requirement within the plan has been increased from 160dpa in the previous consultation to 256dpa or 5,120 dwellings net over the plan period (2012 to 2032). Whilst this increase is welcomed and considered to more closely align with the OAN of the area we still have several concerns. These are set out below under the various components used to derive an OAN below.

## **General**

12. The HBF supports the expression of the housing requirement as a net minimum figure. This is considered to accord with the NPPF requirement for plans to be positively prepared and to boost significantly the supply of housing.
13. A significant issue is the apportionment of 34dpa to the Yorkshire Dales National Park area of Craven. Whilst it is understood how this figure has been derived, it is clear that the National Park has not used the same methodology in deriving their OAN and as such there appears to be a failing in dealing with cross-boundary housing issues. This issue will need to be rectified prior to the next stage of consultation.
14. A further area of concern is the alignment of the plan period with the evidence base. The current evidence comprises the *2015 Strategic Housing Market Assessment (2015 SHMA)*, *January 2015 Craven Demographic Analysis and Forecasts* and the *March 2015 Craven Demographic Analysis and Forecasts*. All of these studies utilise a period of 2015 to 2030, yet the plan period is 2012 to 2032. Whilst the HBF support an end date of 2032 it is not sufficient to simply extrapolate the results to fit the plan period without reasoned justification. It is recommended that this anomaly is rectified prior to the next stage of consultation.

## **Methodology**

15. Putting aside the issue of time period the HBF is generally satisfied with the overall methodology applied to the determining an OAN. This includes the use of POPGROUP which has been successfully utilised at numerous examinations and has been found to be sound. We do, however, have concerns regarding the level of detail used to explain the various jobs-led scenarios which makes them rather opaque and difficult to unwrap. In addition we also have concerns regarding a number of the assumptions used and the final OAN. These issues are described in greater detail below.

## **Demographics**

16. The HBF agrees with the majority of the demographic analysis and scenarios provided within the *January 2015 Craven Demographic Analysis and Forecasts* and the March 2015 update. The 2015 update uses three headship rates, now known as Household Representative Rates (HRRs), based upon the 2008 sub-national household projections (SNHP), 2011 interim SNHP and 2012 SNHP. The chosen scenario used for the OAN utilises the 2012 SNHP.

17. The HBF agree that as the 2012 SNHP are the most up to date projections they should be used as the starting point. This accords with the National Planning Practice Guidance (PPG) (ID 2a-015). However the PPG does note that as the SNHP are trend based;

*'...They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour...'* (PPG 2a-015).

18. The period directly proceeding the 2012 SNHP is one which is characterised by recession and under-delivery against housing targets within Craven. It therefore stands to reason that consideration should be given to adjusting the HRRs in Craven. Unfortunately the 2015 SHMA, *January 2015 Craven Demographic Analysis and Forecasts* and the March 2015 update fail to do this. This is considered a failing in the analysis which would have implications for all scenarios.

19. Nationally the HRRs contained within the 2012 SNHP are an upward adjustment upon the previous 2011 interim SNHP, which projected a decrease in HRRs based upon previous trends. Nationally the 2012 SNHP HRRs are significantly higher for younger age cohorts, particularly the 25 to 34 age group. The Government is actively seeking to increase HRRs through interventions such as Help to Buy and Starter Homes, the latter of which is aimed directly at the under 40 age groups. Given the improving economic conditions and these Government stimuli, it would appear appropriate to ensure that HRRs for these age groups in particular are seen to improve over the period of the plan.

### **Economic Signals**

20. The HBF agree that the jobs growth scenarios more closely reflect the OAN for the district (2015 SHMA paragraph 4.36, draft plan paragraph 4.5). The level of jobs growth is, however, based upon a single run (Autumn / Winter 2014) of the REM model (paragraph 3.12 *January 2015 Craven Demographic Analysis and Forecasts*). Given that such models are notoriously sensitive to economic changes a more robust methodology would have been to consider a number of different models and outputs.

21. The Council's chosen housing requirement is based upon the Jobs-led Sens2 scenario, as recommended by the 2015 SHMA. The SHMA justifies this choice in paragraph 4.33 stating;

*'...It would be recommended that the SENS2 scenario of 285 which maintains economic activity rates at the 2011 census level is a reasonable position for Craven.'*

22. The draft plan (paragraph 4.5) further notes;

*'...The SENS2a scenario of 285 dwellings per year maintains the overall rate of economic activity for the 16-74 age group at its 2011 Census level (72%) and the SHMA concludes that this is most relevant to social trends including changes in the age at which people retire.'*

23. There is little additional explanation either supporting these statements or justifying the choice. As already noted in paragraph 15 above, the lack of transparency in the detail of the various scenarios makes it difficult to unpick the appropriateness of the two jobs-led sensitivity tests. However, from the information available, there does appear to be a number of flaws with Sens2.

24. Firstly despite the recognition that Craven is experiencing a significantly ageing population (paragraph 2.15 *January 2015 Craven Demographic Analysis and Forecasts*) the scenario maintains the current economic activity rates (age 16-74) constant at 72%. Whilst the HBF agree that changes to the State Pension Age (SPA) are likely to result in a greater number of people working longer than is presently the case, this is unlikely to be outweighed by the sheer proportion of the population aged 65 and over. It is therefore unlikely that economic activity will remain constant for the 16-74 age range given the relative increase in those between 65 and 74.

25. Secondly the increase in the SPA has already been taken into account for in all scenarios. Appendix B (paragraph B.54) of the *January 2015 Craven Demographic Analysis and Forecasts* indicates that;

*'In all scenarios, the 2011 Census age-sex specific economic activity rates have been applied. Changes have been made to the economic activity rates to take account of changes to the State Pension Age (SPA) and to accommodate*

*potential changes in economic participation which might result from an ageing but healthier population in the older labour-force age-groups.'*

Therefore whilst the scenario cannot be properly 'unpacked' it appears an element of double counting may be apparent within scenario Sens2.

26. The HBF place greater weight, based upon the limited information available, upon the outputs from the 'Sens1' scenario which identifies a housing need for 335dpa, utilising the 2012 SNHP HRRs. This scenario places greater emphasis upon the balance of migrants being of a working age. This would appear a sensible assumption if they were migrating to take up the available job opportunities. However, as with 'Sens2' it is impossible from the information provided to properly 'unpack' the assumptions used in this scenario. It is, however, clear that 'Sens1' takes account of changes to the SPA and as such does take account of the trend for people to retire later. Unlike 'Sens2' there does not appear to be any double counting in this regard.

### **Market Signals**

27. The need for an uplift in the OAN based upon market signals is set out within the PPG. The HBF draw attention to the fact that whilst some signals may not appear to warrant an uplift the PPG is clear that;

*'..A worsening trend in **any** of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections..' (our emphasis ID 2a-020)*

28. The housing OAN factors in a very small adjustment of just 5dpa to '*...support the need for smaller dwellings...*' (2015 SHMA, paragraph 4.34) to account for market signals. The HBF consider this to significantly under-play a number of key indicators.

29. Whilst it is recognised that the jobs-led scenario upon which the Council's OAN is based is higher than the demographic scenarios, this does not mean that market signal adjustments should not be made. This is because the economic adjustment is made for entirely different reasons, to attract new workers to an area to take up the jobs created. They will not tackle affordability issues for the indigenous population. Even in areas where a substantial economic adjustment has been applied, Councils are still required to address market signals on their merits and

make the appropriate adjustments. Economic adjustments do nothing directly to improve affordability for existing residents or newly forming households.

30. The HBF agrees that many of the market signals analysed within the 2015 SHMA would not appear to warrant an uplift in the OAN. It is, however, notable that many of the signals are considered over a relatively short period 2010 to 2014 (Table 4.3, 2015 SHMA), when the market was depressed and only just recovering from recession. It is, therefore, unsurprising that many of the indicators appear stagnant. The HBF consider that a longer period of at least 10 years which covers a full economic cycle should be considered. A longer term view of market signals is likely to indicate that many of the signals have worsened. It is also worth noting that the 2015 SHMA does not cover all of the market signals outlined within the PPG (ID 2a-019), specifically land prices. This should be rectified to ensure a robust evidence base is in place prior to submission.

30. In terms of house prices and affordability it is clear that since 2010 these have both reduced within Craven. However, we suggest this is due to the continued effect of the economic recession rather than market pressure. A longer-term view reveals that since 1996 house prices have risen by 198.2% and affordability is the second worst of any neighbouring authority (draft plan, paragraph 2.36). In terms of housing delivery the Council has failed to meet its housing requirement for a significant period of time, as demonstrated by the May 2015 *Five Year Housing Land Supply Methodology and Report*. This lack of delivery will inevitably have led to a suppression of the most recent household projections for the area, which are heavily biased by trends over the preceding five year period.

31. Given the market signals information discussed above, and once a more complete picture of other market signals is ascertained, we consider there is likely to be a justification for a moderate uplift of the proposed OAN. Recent local plan examinations in Eastleigh, Canterbury and Uttlesford have identified that a 10 to 20% uplift is appropriate. If the 285dpa figure from jobs-led scenario 'Sens2' is accepted this would require a further 29 or 57dpa. This would create an OAN of between 314 and 342dpa. However as previously stated the HBF considers that jobs-led scenario 'Sens1' is more realistic.

## **Conclusion**

32. In conclusion whilst the HBF supports the uplift in the housing requirement, compared to the previous draft plan, it is still considered too low. The HBF agrees

with the utilisation of the jobs-led scenarios. To do otherwise would lead to either a contraction of the local economy or a significant increase in in-commuting, neither of which are considered desirable or consistent with the NPPF. Whilst further information is required upon the detail of the jobs-led scenarios the 'Jobs-led Sens1' scenario appears the most realistic. Finally the analysis of market signals is considered weak and should be reviewed over a longer timescale. However, from the available information, it would appear that an uplift greater than 5dpa is justified.

### **TABLE 3 – BALANCE OF HOUSING REQUIREMENT TO BE PROVIDED ON SITES GRANTED PLANNING PERMISSION SINCE 31 MARCH 2015, SITE ALLOCATIONS AND VIA SMALL SITE ALLOWANCE**

33. Table 3 identifies the various sources of supply which are proposed to make up the housing requirement over the plan period. The HBF does not dispute the figures identified but it is recommended that further allocations are provided to ensure that the plan meets its housing requirement. Our reasons for this are set out below.

#### **Permission or under construction**

34. Whilst the dwellings under construction are accepted as a secure source of supply, not all dwellings with permission will necessarily be developed. The reasons for this are numerous but include speculative applications undertaken for valuation purposes without the intention to develop. Many local plans have undertaken studies to identify the lapse rates within their area, such as Scarborough, or have applied a notional 10% lapse rate to account for unimplemented permissions, such as Calderdale. The 10% lapse rate accords with a number of appeal decisions, notably Rothley (appeal ref: APP/X2410/A/13/2196928) and Honeybourne (APP/H1840/A/12/2171339). A similar level of discount upon existing permissions should be considered within Craven.

#### **Allocations and small sites allowance**

35. The proposed remaining requirement, after completions and permissions, is sought to be delivered through allocations and a small site allowance. It is notable that as presented there is no allowance for a buffer of sites, over and above the housing requirement, to provide flexibility and choice within the market. The need for a buffer is two-fold. Firstly the plan housing requirement is correctly identified as a minimum to conform to NPPF requirements to boost supply and plan positively. It therefore stands to reason that the plan should seek to surpass this requirement if possible. Secondly a buffer will provide a balance against the inevitable under or none delivery from some existing commitments or proposed allocations. This is



particularly important in Craven due to the recent history of under-delivery against housing targets. The recent recommendations from the Local Plan Expert Group in their report<sup>1</sup>, suggest a 20% buffer of reserve sites over and above the plan requirement (recommendation 41(ii)), the HBF consider this to be a sensible approach to boosting housing delivery.

36. The small sites allowance is, in essence, a windfall allowance. The NPPF, paragraph 48, allows such allowances to be made providing it is based upon;

*'...compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply.'*

This evidence should not only consider past rates of delivery but also the effect of a more complete evidence base and up to date plan going forward.

#### **DRAFT POLICY SP4: SPATIAL STRATEGY AND HOUSING GROWTH**

37. The HBF does not wish to comment upon the overall distribution. It is, however, considered appropriate that development is focused upon the main settlements as these are likely to be the most sustainable.

38. The table, within the policy, identifies a very prescriptive requirement for each tier as well as individual settlements, including annual delivery targets. Whilst it is considered useful to provide guidance upon these matters a more flexible approach is recommended. This is required for a number of reasons.

39. Firstly, and correctly in our opinion, the housing requirement described in *Policy SP1* is identified as a minimum requirement and therefore it stands to reasons that the plan should anticipate exceeding this requirement. The table does not provide for such circumstances. Secondly if the proportions of development are applied rigidly this may stop otherwise sustainable developments from being brought forward in accordance with *Policy H1*. Finally such prescription pays little regard to the unknown quantum of supply identified within table 3, namely the small sites allowance.

40. It is recommended that the policy and table be amended to clearly acknowledge that the figures are provided as a guide only. The annual levels of completions

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<sup>1</sup> Local Plans Expert Group: Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016)

should also be deleted as this adds little to the policy and is unlikely to be realistic as it pays no regard to how sites are developed or brought forward. A housing trajectory should be utilised to identify the likely delivery of the housing requirement from known sources and the small sites allowance.

## **DRAFT POLICY ENV7: LAND AND AIR QUALITY**

41. Criterion (b) effectively prioritises the redevelopment of previously developed land. Given the limited nature of this source of supply within Craven and the emphasis upon encouragement within the NPPF (paragraph 111). It is recommended that this criterion be amended to read;

*'The re-use of previously developed (brownfield) land of low environmental value will be ~~preferred~~ encouraged and supported;'*

42. The Government is already seeking such encouragement through the introduction of brownfield registers and permission in principle. The Council may wish to consider how it can provide further encouragement.

## **DRAFT POLICY H2: AFFORDABLE HOUSING**

43. The HBF supports the provision of affordable housing and indeed notes that the 2015 SHMA indicates an imbalance of 114 affordable units per annum. It is, however important that when considering affordable housing policies local authorities ensure that the thresholds and targets identified do not place undue burdens upon development (NPPF, paragraph 173). In the case of this policy the HBF has concerns over the 40% target, these were expressed within our previous comments upon the earlier draft of the plan.
44. Part c of the policy imposes a 40% affordable housing target upon developments of 5 or more units, under this threshold the requirement is made by way of a financial contribution. The 40% requirement is based upon outdated evidence contained within the draft 2013 *Affordable Housing and Community Infrastructure Viability Study*. It is noted that the Council intends to update this study prior to submission (draft plan footnote 35) at which time the final affordable housing requirement will be finalised. The HBF wish to retain our position until this important part of the evidence base is finalised. In preparing the viability work it is strongly recommended that the Council engage with the development industry to ensure that robust and realistic assumptions are utilised.

45. It is worth re-iterating, from our previous comments, that the 40% target is not currently justified. The draft *Affordable Housing and Community Infrastructure Viability Study* advises a lower target of 35% (paragraph 5.2.5). In making this recommendation it is noted that the study does not take account of the likely development costs associated with strategic infrastructure or public transport (paragraph 3.2.2) or possible section 106 contributions (paragraph 3.2.3). It is therefore likely that a lower requirement than 35% will be viable once these additional costs are considered. Given this recommendation and the omissions from the viability study it is clear that the current 40% target is unjustified and therefore unsound.

46. It is noted that the policy identifies that the Council will negotiate the actual level of contributions sought. Whilst this is welcomed such an approach should not be used to support an unsustainable policy aspiration.

#### **DRAFT POLICY H4: HOUSING DENSITY**

47. Whilst it is recognised that the density requirement is indicative, 40dph is considered high. The NPPF, paragraph 47, does allow local authorities to set their own density requirements but this must be based upon local circumstances and justified by evidence. The HBF is unaware of such evidence.

48. Nationally across all types of sites densities average around 32dph, with previously developed land being higher and greenfield sites lower (on average). A requirement for 40dph across all sites is therefore on the high side. The HBF recommend that a lower indicative overall density requirement be considered, unless contrary evidence can be provided.

49. The final paragraph identifies the circumstances which would warrant a departure from the stated density requirement. The HBF supports the inclusion of this paragraph but recommends that other issues including local needs, demand and viability considerations also be included within the policy.

#### **SUSTAINABILITY APPRAISAL**

50. The HBF has not undertaken a thorough analysis of the Sustainability Appraisal (SA) at this stage. We do, however, have a number of concerns relating to the assessment of Policy SP1 and in particular the alternative option 2 housing

requirement. It is noted that the scoring between the three options is at best marginal and whilst it is accepted that Option 2 appears to fair worse than the preferred option we consider this is based upon a number of comments which appear unfounded and inconsistent. The following provide a few examples of this.

51. The analysis of SA objective SO3 suggests that option 2 would harm the natural environment and place pressure on services, yet the preferred option would not. SO5 similarly suggests that a high level of development could place pressure on services. The reasoning for these conclusions are unclear. The HBF is unaware that the Council has undertaken any environmental capacity assessment which would indicate finite development levels. Furthermore additional housing would also provide greater opportunities for infrastructure funding through section 106 receipts, CIL, New Homes Bonus and Council Tax revenues. It is also notable that analysis against SA objective SO4 which is concerned with essential services notes that;

*'...it is important that a sufficient level of housing is provided which enables services to remain viable. It is difficult to ascertain the level at which this would be achieved and depends on the individual service requirements...'*

52. Similarly the analysis of objective SO7 indicates;

*'...Whilst it would be expected that a greater level of education places would be required under the preferred approach and in particular Alternative approach 2, policies within the plan concerning new development being required to supported by suitable infrastructure (SP12) including education should address increased need...'*

53. It is therefore unclear how an additional 83 houses per year change the scoring from one which is significantly positive to significantly negative in terms of SO3 and SO5.

54. Option 2 receives a minor negative under SO9 due to the analysis which suggests that;

*'...Alternative Approach 2 which would seek to deliver the most housing scores minor negative as it is generally accepted that that the greater the level of new housing provided, the greater impact would be on flood risk including run off...'*

55. This analysis completely fails to recognise the impact of SuDs and location of development upon run-off levels. Indeed in many cases new development can actually reduce the amount of run-off and as such could be seen as positive, or at least neutral.

56. SO11 suggests that all options would result in equal development of previously developed land. It is, however, feasible that option 2 would provide greater opportunities for such redevelopment and as such should be scored more positively than the other options.

### **Information**

57. I would be pleased to be kept involved in the Local Plan preparation process as well as the development of other planning documents. I trust the Council will find the comments useful and the HBF would be happy to discuss them further prior to the next stage of consultation.

Yours sincerely,

*MJ Good*

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