

Date: 6<sup>th</sup> July 2016  
Consultee ID: HBF  
Matter 3

## Yorkshire Dales National Park Local Plan 2015 – 2030 Examination

### Matter 3: Housing

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 Matter 3 of the Inspector's *Schedule of Matters for the Examination*.
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 14<sup>th</sup> September 2015. The HBF has also expressed a desire to attend the examination hearing sessions.

#### ***The objective assessment of need***

**Question 3.1: The NPA's Housing Need, Land Supply and Housing Target paper (December 2015) bases the assessment of need on the geographical area of the National Park.**

**a. Is the National Park one Housing Market Area (HMA)?**

3. No, the HBF does not consider that the National Park can be considered as a single HMA. The National Park Authority (NPA) has not undertaken any detailed work to identify what HMAs are present within the park and as such is reliant upon information provided by the districts of Richmondshire, Craven and South Lakeland.

**b. If the National Park is not one HMA but has been treated as such for plan-making purposes, what is the justification for this?**

4. Paragraph 1.4 of the NPAs *Housing Need, Land Supply and Housing Target paper (December 2015)* identifies four HMAs in operation across the National Park area. Paragraph 1.5 then suggests this is simplified to three to accord with the three constituent local authority boundaries. Despite this acknowledgement the remainder of the paper, and the accompanying November 2015 *Demographic Forecasts* paper produced by Edge Analytics, appear to treat the National Park as a single HMA rather than part of the three aforementioned HMAs. This approach is

contrary to the NPPF (paragraphs 47 and 158) and the guidance contained within the PPG (ID 2a-007 and 2a-008), both of which advise that objectively assessed housing needs should be determined with reference to the housing market area.

5. In this regard the HBF consider that the National Park should have worked with Craven, South Lakeland and Richmondshire to identify their requirements from each of these HMAs. Whilst it is noted that the plan does notionally distribute housing development between these areas, the areas themselves have not been used to determine the OAN.

**Question 3.2: Which of the scenarios considered best represents the objective assessment of housing need (the OAN) and why?**

6. The NPA considers a figure of just 8dpa to most closely represent its OAN (NPA response, dated 29<sup>th</sup> April 2016, to Inspectors 2<sup>nd</sup> letter). The HBF dispute this as this figure. The 8dpa figure is set out within the November 2015 *Demographic Forecasts* paper. It is based upon the 2012 based subnational population projections (2012 SNPP), utilising the household headship rates (HRRs) from the 2012 based subnational household projections (2012 SNHP). The PPG advises that the household projections are a starting point, but are not in themselves an end-point (PPG ID 2a-015). The PPG further identifies that issues such as a dampening of HRRs, due to economic circumstances or previous rates of development (PPG ID 2a-015), varying levels of migration (PPG 2a-017), employment trends which are anticipated to occur without policy intervention (PPG ID 2a-018), market signals (PPG 2a-019) and finally the level of affordable housing need (PPG 2a-029) should all be taken into account before coming to a view upon an OAN. The NPA itself acknowledges this point stating;

“Calculating Objectively Assessed Need is however wider than just projecting population and household growth. It also requires consideration of housing demand arising from local economic growth.” (paragraph 5.1, *Housing Need, Land Supply and Housing Target, December 2015*)

The HBF cannot, therefore, understand how the NPA came to this conclusion.

7. Furthermore whilst the NPA appear to recognise the role of employment trends in determining OAN, this is not developed. None of the scenarios tested in table 13 of the NPAs paper include employment led scenarios or an indication of how many jobs the different scenarios may facilitate.

8. It is also notable that the evidence base for the publication version of the plan set out a demographic starting point of 30dpa, which was derived from 'shadowing' the trends of South Lakeland (paragraph 4.8, *Housing Need, Land Supply and Housing Target, July 2015*). Whilst the method of 'shadowing' is considered flawed it is a significantly higher starting point than derived through the latter November 2015 *Demographic Forecasts* paper.
9. The HBF contend that because the 8dpa figure does not take any account of the above mentioned issues it can only, at best, be considered a starting point. The lack of information on market signals, employment trends and other factors leads the HBF to the conclusion that a proper assessment of OAN has not been undertaken.
10. Finally it is notable that Craven District Council anticipate at least 34dpa will need to be provided within the National Park to meet its OAN inside the NP boundary (Craven DC response to consultation, 11<sup>th</sup> September 2015 and paragraph 7.6 *Housing Need, Land Supply and Housing Target, December 2015*). Therefore this should, as a minimum, be the starting point.

**Question 3.3: Do the scenarios considered to best represent the OAN take adequate account of factors that should lead to an adjustment, such as vacancy rates, second homes and market signals?**

11. In terms of vacancy rates and second homes a rate of 22% has been applied to all scenarios (paragraph 3.2, *November 2015 Demographic Forecasts*). This is based upon data from the 2011 Census. There is, however, no analysis on whether this should be retained, reduced or increased over the plan period. It is notable that during the inter-census period vacancy rates rose from 18% (2001) to 22% (2011) (table 2 *November 2015 Demographic Forecasts*). Given this previous increase the HBF would expect some consideration of whether this trend is likely to continue into the future.
12. Market signals are not adequately addressed within the analysis of OAN. This is a significant failing and contrary to the advice provided within the PPG. The appendices to the *November 2015 Demographic Forecasts* do shed some light upon this issue. Highlighting that house prices are high relative to national, regional and county averages (appendix 3) and there is a total annual affordable housing shortfall of 117 units (appendix 3), which is more than twice the proposed housing requirement.

13. There is, however, a lack of analysis of other market signals such as rents, land prices, affordability ratio and rates of development.

**Question 3.4: What is the relationship between the need for housing and the local economy and jobs in the National Park? How important a factor is the link between homes and jobs in this area?**

14. The *November 2015 Demographic Forecasts* paper suggests (paragraph 5.6) that;

*“Demand for new housing will therefore tend to be led by internal household change, retirement, migration and commuting, rather than employment led growth...”*

15. The HBF does not dispute that employment growth is likely to be modest within the park but the lack of analysis of key sectors such as tourism and agriculture and the need for new housing to support these and other sectors is considered a failing within the OAN. These issues should have been explored to ensure that the housing requirement was compatible with economic growth as well as the objectives of the plan. Objective 3 is a pro-growth objective which seeks to improve the economic role of the NP. Within the submitted plan it seeks to;

*“Encourage development that will support a growing, diverse and resilient economy, which increases the proportion of young adults and people of working age living in the Park.”*

16. The NPA is seeking to amend this objective to;

*“Encourage development that will support a growing, diverse and resilient economy, and which will help make the National Park a more attractive option for young adults and people of working age to live in.”*

17. Both versions seek an improved economy which should provide greater job opportunities within the park. The failure to consider the impact of this, and the aspiration for more young people to live in the park, is a failing of the current evidence base.

**Question 3.5: The NPA says the OAN is in the range of 8 to 38 dpa. From the Demographic Forecasts paper (November 2015) by Edge Analytics, it appears**

that 8 dpa is consistent with population decline and that around 32 dpa is the minimum required to maintain population stability.

a. In identifying the most appropriate OAN figure/range, should it first be established whether the objective assessment relates to the need of a declining population or a stable one?

18. Yes, it is considered that this is a fundamental element of the OAN calculation. I also refer to our comments within paragraph 10 above.

b. Is the need for affordable housing included in this range?

19. No, as noted with paragraph 12 of our statement the affordable housing need is for 117 units per annum, which is higher than any of the figures analysed. Utilising the NPAs vacancy rate of 22% this would make a housing need figure of 143dpa to meet affordable needs alone.

#### ***The requirement/Plan target***

**Question 3.6: Policy SP3 sets the target of 55 dpa.**

a. What is the justification for this figure – how has 55 been arrived at?

20. This figure was initially set out within the *Housing Need, Land Supply and Housing Target, July 2015*. Part 11 of this report simply states that the 55dpa housing requirement, identified as option 2, would;

*“..Meet the projected rate of household growth together with an additional element of flexibility in an attempt to widen housing choice and encourage some immigration of working age households...”*

21. This paper did not consider whether this uplift would be sufficient to reverse the current trend to meet the plans stated objectives, and as such the level is not justified. This figure has been simply ‘rolled forward’ into the subsequent December 2015 *Housing Need, Land Supply and Housing Target* paper. The justification within paragraph 6.6 is that this figure would;

*“...counter the significant shift towards older age dependency...”*

This statement is not justified and indeed as discussed below is considered incorrect.

22. The *November 2015 Demographic Forecasts* paper considers four scenarios including a 52dpa scenario, however these are simply dwelling-led scenarios which have no specific evidential basis before the examination. Figure 14 of the report is clear that household growth in younger age groups still declines under the 52dpa

scenario. This is contrary to the stated objectives of the plan. Therefore whilst the level of decline in the younger age group would be slower it would not counter the shift towards old age dependency suggested in paragraph 6.6 of the December 2015 *Housing Need, Land Supply and Housing Target* paper. Unfortunately there is no assessment of the impacts of the higher +73dpa scenario.

23. The 52dpa figure is equivalent to past completion levels but this is not a material factor in identifying OAN as it will have been heavily influenced by past policy decisions, which are restrictive in the park, and the availability of land through the plan, much of which has proven to be unviable under current policies.

24. Finally the publication version of the plan did (footnote 7 Policy S3 & paragraph 4.3) identify the following disaggregation of the 55dpa target to the three local authority areas. Richmondshire (18dpa), Craven (27dpa), South Lakeland (10dpa). Given that Craven now suggest their requirement should be raised to 34dpa it would follow that the housing requirement should be raised by at least 7dpa to accommodate this need.

25. The HBF conclude that the NPA has not identified any justification for its choice of housing requirement.

**b. Does this target include affordable housing, or is it anticipated that affordable housing would be in addition to this 55 dpa?**

26. This is unclear and is not discussed within the evidence base.

**c. Is this target figure net or gross – and should the Plan be explicit?**

27. The target should be a net requirement and the plan should be explicit regarding this issue.

**d. Should this target figure be set as a minimum?**

28. Yes, the HBF consider that the target should be a minimum. This would conform to NPPF requirements for positive planning and the need to boost significantly the supply of housing.

### ***The supply of land***

**Question 3.7: Is there a supply of specific deliverable sites sufficient to provide five years worth of housing, with an additional buffer of 5% moved forward from later in the plan period to provide choice?**

29. Table 2 of the NPAs *December 2015 Housing Land Assessment* suggests that, excluding windfalls, 237 units can be counted against the five year target. Whilst the HBF has not fully investigated the veracity of this figure it is notable that this is based upon site capacity rather than deliverability. There is no assessment of likely build rates or lead-in times for sites within this paper.
30. The 237 units are made up of 77 units upon which work has commenced, 58 units where there is a permission in place but work is yet to commence, and 102 units which are allocated sites. However it is unlikely that all the 102 units which will be brought forward within the first five years. This is due to the need to gain permission, sign off conditions and S106 agreements and undertake site preparation.
31. The NPA themselves suggest, table 17 of the *July 2015 Housing Need, Land Supply and Housing Target* paper, that only 10 units per annum (50 in total) will be delivered from allocations prior to 2020, it is therefore quite a leap to raise this assumption to 102 units. If this assumption is taken into account the maximum deliverable supply, based upon table 2 is reduced to 185 units. This is someway short of the 289 units required using a housing requirement of 55dpa plus a 5% buffer (paragraph 1.3, *December 2015 Housing Land Assessment*).
32. It is recognised that this does not take account of windfalls, discussed below. It also takes no account of potential demolitions and under-supply accrued since the start of the plan period (2015). With regards to this latter point the HBF is unclear why the plan start date is 2015 rather than 2012 when the duty to identify an OAN within the NPPF was placed upon the NPA. If the plan period were to commence in 2012 an under-supply of 90 dwellings would need to be added to the requirement, based upon the NPA preferred figure of 55dpa.

**Question 3.8: In the light of paragraph 47 of the NPPF, should the buffer be 20%?  
Are there sufficient deliverable sites to provide a 20% buffer?**

33. As noted in the Council's letter to the inspector, dated 5<sup>th</sup> April 2016, the NPA effectively had a zero housing target within the now revoked RSS, as the figures were distributed solely to Council's. The HBF therefore has some sympathy with the NPAs position in relation to past delivery and lack of a target against which it can assess previous delivery. However as noted in paragraph 32, above, the HBF is unclear why the start date is not 2012.

34. Taking account of the fact that the RSS is now revoked and the NPPF was published in 2012 the HBF consider that the NPAs performance should be judged upon its OAN from March 2012. Using the NPA figure of 55dpa it has failed to meet its target on any occasion since 2012. This could therefore be construed as persistent under-delivery and the need for a 20% buffer.
35. A 20% buffer would require a five year supply of 330 dwellings, without any under-supply. If the 90 dwelling under-supply is included this would increase to 438 dwellings or 88dpa. As noted above, paragraph 31, without a significant supply from windfall sites the plan is unlikely to deliver sufficient housing.

**Question 3.9: What allowance is made for windfall sites in the five-year land supply and, in the context of paragraph 48 of the NPPF, what is the justification for it?**

36. The HBF agree that windfall development has been strong in the past accounting for the majority of development within the plan area. This is, however, unsurprising given that between 1996 and 2006 no sites were allocated for housing. In 2006 just two sites were allocated therefore by default the majority of development had to come forward through windfalls.
37. The picture of future windfall delivery appears confused and contradictory throughout the NPAs evidence base. For example table 14 identifies (*July 2015 Housing Need, Land Supply and Housing Target*) an unsubstantiated capacity of >1,000 units post 2016, if all were built out over the plan period this would equate to 71dpa. Table 17 of the same document suggests 50dpa from this source over the plan period. Following the application of a number of assumptions paragraph 6.24 of the *December 2015 Housing Land Assessment* suggests a total five year capacity of 66 units from such sources. The justification for this is set out within paragraphs 6.1 to 6.25 of the document. It is therefore unclear what the NPAs anticipated delivery is likely to be.

**Question 3.10: How will a five-year supply of housing land be maintained over the Plan period?**

38. The Council consider this an issue for the NPA to address, although the HBF note that there is a lack of site allocations to provide certainty for the development industry and residents and to ensure that the plan meets its needs in full.



**Question 3.11 Is there a supply of specific, developable sites or broad locations for growth for years 6 to 10 of the Plan and beyond?**

39. The HBF considers the plan weak in this regard and not positively prepared. The plan is heavily reliant upon windfall development beyond the first five years, with 71% of delivery required from such sources (paragraph 7.3, *December 2015 Housing Land Assessment*). This creates significant uncertainty over delivery in the future. The HBF consider that further allocations would provide greater certainty that the plan requirements could be met over the whole plan period.

***Affordable housing and local occupancy restricted housing***

**Question 3.12:**

**a. What is the objectively assessed need for affordable housing?**

40. 117 units (appendix 3 November 2015 Demographic Forecasts).

**b. What level of affordable housing is the Plan expected to deliver and how is the conclusion on this point reached?**

41. The HBF consider this an issue for the Council to address. However the proposed housing requirement is likely to restrict delivery to a maximum of 22 units per annum, less than 20% of the need.

**c. How does the flexibility in Policy C1 to choose between providing 50% affordable housing and 33% affordable/33% occupancy restricted housing affect matters?**

42. This is likely to reduce the amount of affordable housing delivered. The HBF is, however, supportive of the introduction of this flexibility to improve viability but do not consider the flexibility will be sufficient to overcome the significant viability issues within the NP.

**d. Should Policy C1 be more specific about the size/type/tenure of affordable housing required?**

43. No, the plan already places significant restrictions upon development, further restrictions are likely to impede the potential delivery of sites due to viability issues. Individual sites will need to respond to particular local conditions, including the type of property required to ensure local occupancy can be achieved and as such flexibility upon these issues is required.

**Question 3.13: Are there other sources of/mechanisms for affordable housing delivery? If so:**

**a. What are they?**

44. The HBF has no further comments at this stage.

**Question 3.14: In certain circumstances Policy C1 says that housing will be restricted to local occupancy.**

45. The HBF has no further comments at this stage.

**Question 3.15: What is the justification for the various site size thresholds in Policy C1 and for the differing levels of affordable/local occupancy restricted housing required?**

46. The site size thresholds are in conformity with the written ministerial statement dated 28<sup>th</sup> November 2014, as applied to National Parks. Despite the decision being quashed in July 2015, this has recently been overturned by the Court of Appeal 11<sup>th</sup> May 2016 and as such should be applied. The requirement for all properties under 5 units to be local occupancy is likely to have significant implications for viability. Whilst not directly tested in the *Viability Testing of Sites* paper the study does suggest that the local occupancy criteria will make many sites unviable.

**Question 3.16: For each site size 'band' in Policy C1 (1 to 5, 6 to 10 and 11 or more) are the affordable/local occupancy restricted housing requirements:**

**a. appropriate – will they lead to an appropriate mix of housing?**

**b. financially viable?**

47. The HBF support the intention to improve viability through the introduction of the 33/33/33 split. The need for viability improvements is highlighted by the poor levels of delivery over the recent past. Within our comments upon the submission version of the plan we set out our concerns in relation to the viability of this policy. These concerns remain but in aid of brevity are not repeated here.

**Question 3.17:**

**a. What sites are tested in the Viability Testing of Sites paper (2 March 2015)?**

**b. Do the sites assessed reflect the allocations in the Plan?**

**c. Are they representative of the windfall sites anticipated?**

48. No, there is no analysis of conversions, changes of use or sites smaller than 5 units.

**d. Through the analysis, numerous assumptions are made concerning various costs and values. What assumptions are made, what sources of evidence are drawn on and are they justified?**

49. The assumptions utilised are set out within the tables from page 7 onwards of the *Viability Testing of Sites* paper. It is notable that ‘*other section 106 costs*’ such as education contributions or the conservation levy are not included, nor are any other policy requirements. It is also notable that developer profit is set at 15%, this stands below the requirements of many developers. Given the restrictive nature of development within YDNP this is likely to make developments risky. It therefore stands to reason that many developers will seek a higher, not lower, profit level to account for such risks.

50. There is no clear evidence provided in relation to the assumptions made.

### ***Policy L2 – conversion of traditional buildings***

**Question 3.18: What is the justification for allowing the change of use of traditional building to ‘high intensity residential’, visitor accommodation and employment uses only within existing settlements and building groups, or other suitable roadside locations? Why roadside locations?**

51. The HBF has no further comments.

**Question 3.19: Policy L2 says: “*Proposals for change of use to a dwellinghouse for continuous occupation will be subject to a local occupancy restriction unless the applicant agrees to pay a conservation levy to fund the conservation of other significant buildings within the National Park ...*”**

Through Appendix 7 of the plan, the levy is set at 50% of the uplift in value brought about by the conversion. Appendix 7 also sets out the reasons why the NPA considers this approach to meet the tests in the Community Infrastructure Levy Regulations 2010 (as amended) (the CIL Regulations).

- a. What is the justification for imposing either a local occupancy restriction or a conservation levy on conversion schemes?
- b. Does this meet the tests in the Community Infrastructure Levy Regulations 2010 (as amended) (the CIL Regulations) – is it necessary to make the development acceptable in planning terms and is it directly related to the development?
- c. What evidence is there to demonstrate the effects of paying the levy/imposing a local occupancy restriction on the viability of conversion schemes?

**d. Should the policy take account of viability impacts?**

52. The HBF has concerns regarding this issue and remain unconvinced that it meets the tests of the regulations as set out within question b, above. The levy does not appear to have been taken into account within the *Viability Testing of Sites* paper and as such cannot be justified.

Yours sincerely,

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