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South Kesteven District Council  
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SENT BY E-MAIL AND POST

5<sup>th</sup> August 2016

Dear Sir / Madam

## **SOUTH KESTEVEN LOCAL PLAN – SITES & SETTLEMENTS 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 comments and in due course attend the Examination Hearings Sessions for the Local Plan to discuss these matters in greater detail.

This current Local Plan consultation on Sites & Settlements covers the following four topics :-

- Objectively Assessed Housing Needs & Housing Requirement ;
- Spatial Strategy ;
- Settlement Hierarchy and ;
- Possible Site Options.

### **Objectively Assessed Housing Needs (OAHN) & Housing Requirement**

South Kesteven District has been included as part of the Peterborough Sub-Regional Housing Market (HMA) comprising of Peterborough, Rutland, South Holland and South Kesteven. The latest OAHN for this HMA is set out in the Peterborough Sub-Regional SHMA 2015 Update Report by G L Hearn. The OAHN for South Kesteven is calculated as :-

- Demographic Need (based on 2012 Sub National Population Projections (SNPP) & Household Projections (SNHP) and a conversion rate for vacant / 2<sup>nd</sup> homes) of 583 dwellings per annum ;
- plus 43 dwellings per annum to support economic growth (68,700 jobs) and counter-act low projected workforce growth in the District ;
- plus 10 dwellings per annum to improve affordability ;
- resulting in a Baseline OAHN of 636 dwellings per annum ;
- Or an Aspirational Scenario (70,618 jobs / 20% uplift above Demographic Need) of 698 dwellings per annum.

The HBF are supportive of the highest housing requirement figure however this figure may not be 698 dwellings per annum since the OAHN for the Peterborough Sub-Regional HMA has not yet been tested at a Local Plan Examination. At this time the HBF submits the following comments on the Council's assessment which may under estimate OAHN for these reasons :-

- The NPPG sets out that household projections produced by DCLG are the starting point for OAHN (ID 2a-015-20140306). However the Updated 2015 SHMA Report pre-dates the publication of both the 2014 SNPP and SNHP therefore the Council should consider if any meaningful change is identified in these projections suggesting that a re-assessment of OAHN is necessary (NPPG ID 2a-016-20140306) ;
- Whilst it is agreed that the SNHP is the appropriate starting point sensitivity testing of migration trends undertaken as recommended in PAS OAHN & Housing Targets Technical Advice Note 2<sup>nd</sup> Edition dated July 2015 shows that both the 10 year (constant) and 10 years (variable) migration trend scenarios for South Kesteven are higher. Indeed the Updated 2015 SHMA acknowledges that the demographic projections are in line with short term trends but below long term trends and that the reduction from the 2014 SHMA OAHN for South Kesteven (660 – 710 dwellings per annum) is attributed to migration. It is contended that for South Kesteven the higher longer term migration trend is more appropriate than the short term trend in the assessment of housing needs of the District. It is also noted that in the recently published Local Plans Expert Group (LPEG) Report the proposals for a standardised methodology for the calculation of OAHN include a recommendation that the SNHP is sensitivity tested using a 10 year migration scenario and the higher of the two figures is used as the demographic starting point (see Step A of Flowchart in Appendix 6 of LPEG Report) ;
- It is not obvious if the calculation of the 3.9% vacant / 2<sup>nd</sup> home conversion rate is representative of actual numbers (see Footnote 1 on page 38 of Updated 2015 SHMA Report). The use of 3.9% should be fully justified by the Council ;
- It is noted that the Council's economic modelling is based on only one economic forecast by Experian. The Council is referred to the PAS Guidance on Future Employment (Chapter 8) in particular the

difficulties involved with such modelling either because the resident population is both an input as well as an output of the model so subject to factors that link population and jobs (commuting, double-jobbing, economic activity rates and unemployment) the calculation is circular resulting in a housing need calculated that simply reflects the population assumption from which the economic model started or the model flexes variables including commuting, economic participation rates etc to produce an inconsistent statement or self-defeating prophecy. Therefore the Council should demonstrate that its demographic projections and economic forecasting are fully integrated so that jobs and housing are properly aligned ;

- The significant affordable housing need identified as 279 dwellings per annum (representing 48% of demographic need, 44% of baseline need, 40% of aspirational need). 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). However no uplift is proposed. In comparison 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). More recently the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy Inspector's Interim Conclusions proposes a 5% uplift to help deliver affordable housing needs. Elsewhere in Gloucestershire the Forest of Dean Inspector is also suggesting a 10% uplift in his Interim Findings stating *"to seek to deliver all of the identified affordable housing need as a proportion of market housing would result in unrealistic and undeliverable allocations. But it does not necessarily follow that some increased provision could not be achieved ...I consider that an uplift of 10%, which has been found reasonable in other plan examinations, would be more appropriate here"* (para 63). The use of uplifts to meet in full OAHN for affordable housing is also recommended in the LPEG Report (see Flowchart Steps C & D in Appendix 6 of LPEG Report) ;
- 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). The Updated 2015 SHMA Report identifies house prices increases yet proposes only a very modest uplift to improve affordability of 10 dwellings per annum in South Kesteven representing only 2% increase for the District and an average of only 5% in the HMA. In comparison 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. The LPEG Report also recommends up to 25% uplift dependant on house price and rental affordability ratios (see text in Appendix 6 of LPEG Report) ;

- The appropriateness of using an adjustment to suppressed household formation rates (HFR) in 25 – 34 age group as the mechanism to uplift for worsening market signals. 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 adjustments to HFR in younger age groups and for worsening market signals are separate and both are required (see Flowchart Steps A & B in Appendix 6 of LPEG Report). Indeed the LPEG recommendation proposes that the adjustment to HFR in younger age groups (25 – 44 years old) is applied together with adjustments for longer term migration to the demographic starting point before further uplifts are applied ;
- In the context of the NPPF’s objective to significantly boosting housing supply (para 47) the proposed housing requirement of the Local Plan should not be less than adopted Core Strategy figure of 680 dwellings per annum. Moreover the Local Plan 2011 – 2031 should account for any deficit in the adopted Core Strategy planned housing target for the plan period 2006 – 2011. The Council should not ignore any unmet needs from the preceding period by attempting to re-set the position in 2011.

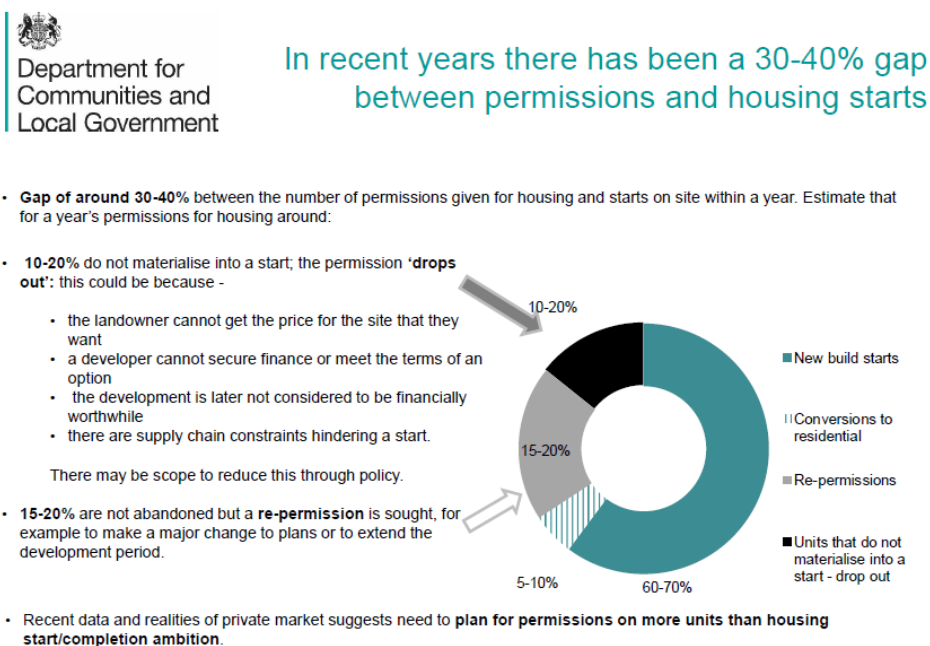
The housing requirement should be set out as a minimum figure in the Local Plan so that full housing needs are planned for in accordance with the NPPF.

At Draft and Pre-submission consultation stages of the Local Plan the HBF may submit further representations on the OAHN and housing requirement.

### **Spatial Strategy & Settlement Hierarchy**

After the deduction of 2,049 completions between 2011 – 2015 and a known supply of existing consents an outstanding supply figure of 3,316 – 4,868 dwellings has been identified. However as the housing requirement is a minimum figure it should not been seen as a ceiling on overall housing land supply (HLS) or a means to prevent sustainable development from coming forward.

Within its overall HLS the Council should have enough headroom to provide sufficient flexibility to respond to changing circumstances. The Council is referred to the DCLG presentation slide from HBF Planning Conference September 2015 (see below). This slide illustrates 10 – 20% non-implementation gap together with 15 – 20% lapse rate. The slide also suggests “*the need to plan for permissions on more units than the housing start / completions ambition*”. It is acknowledged that this presentation slide shows generic percentages across England but it provides the Council with some guidance on the level of contingency needed to provide sufficient flexibility.



Extract from slide presentation “DCLG Planning Update” by Ruth Stanier Director of Planning - HBF Planning Conference Sept 2015

The LPEG Report also recommends that “*the NPPF makes clear that local plans should be required not only to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term (over the whole plan period), plus make provision for, and provide a mechanism for the release of, developable Reserve Sites equivalent to 20% of their housing requirement, as far as is consistent with the policies set out in the NPPF*” (para 11.4 of the LPEG Report).

The Council is proposing spatial strategy based on a settlement hierarchy comprising of :-

- 4 market towns of Grantham, Stamford, Bourne and The Deepings ;
- 3 larger Local Service Centres of Barrowby, Corby Glen and Long Bennington ;
- 14 named Local Service Centres.

The apportionment of the housing requirement to the towns and villages and future directions of growth should give due consideration to meeting the

housing needs of rural areas. The NPPF (para 55) states “to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities” and “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” (para 17). The NPPG also emphasises that all settlements can play a role in delivering sustainable development in rural areas so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided.

The distribution of housing provision across this settlement hierarchy is proposed as follows :-

Settlement	Proposed distribution	Achieved distribution
Grantham	55%	30%
Stamford	12%	11%
Bourne	12%	31%
Deeping	9%	15%
Local Service Centres	7%	9%
Smaller Settlements	5%	4%

It is noted that this proposed distribution is the almost the same as the Core Strategy adopted in 2010 but as seen from the above Table the proposed distribution is not been achieved. It is suggested that the Council gives further consideration to its proposed spatial strategy, settlement hierarchy and housing distribution.

At Draft and Pre-submission consultation stages of the Local Plan the HBF may submit further representations on the spatial strategy, distribution of housing and HLS.

### **Possible Site Options**

The HBF do not comment on the merits or otherwise of individual sites. However when allocating sites the Council 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 including multiple outlets on Sustainable Urban Extensions (SUE). Therefore 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.

### **Conclusion**

For the South Kesteven Local Plan to be found sound under the four tests of soundness as defined by the NPPF (para 182), the Plan should be positively

prepared, justified, effective and consistent with national policy. For the Council to avoid preparing a Plan which is unsound it is suggested that the Council re-consider the following :-

- OAHN and housing requirement ;
- Spatial strategy, housing distribution and HLS.

In the meantime it is hoped that these comments are of assistance to the Council in preparing the next stages of the South Kesteven Local Plan. If the any further information or assistance is required please contact the undersigned.

Yours faithfully  
for and on behalf of **HBF**



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