



Local Plan Consultation
Forward Planning Team
Cotswold District Council
Council Offices
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SENT BY E-MAIL AND POST

8th August 2016

Dear Sir / Madam

COTSWOLD 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 comments and in due course attend the Local Plan Examination Hearings Sessions to discuss 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 23 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 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).

Cotswold is part of the Gloucestershire HMA comprising of the Local Planning Authorities (LPA) of Gloucester, Cheltenham, Tewkesbury, Stroud, Cotswold and Forest of Dean. It is understood that the Gloucestershire HMA authorities have agreed that OAHN will be met within each respective authorities own area in Cotswold, Stroud and Forest of Dean and in the case of Gloucester, Cheltenham and Tewkesbury in the Joint Core Strategy plan area so no unmet needs will occur within the HMA.

OAHN & Housing Requirement

Policy DS1 proposes at least 8,400 dwellings between 2011 – 2031 based on OAHN set out in “An up dated estimate of OAHN of Cotswold District” by Neil McDonald dated May 2016. This proposed housing requirement represents an increase of 800 dwellings above the previously proposed housing requirement in the Draft Local Plan on which the HBF submitted representations stating that the figure was too low. The HBF is supportive of this proposed increase however it is considered that the latest OAHN calculation may still under estimate OAHN for the following reasons :-

- The latest study of OAHN is for Cotswold District Council only rather than the Gloucestershire HMA. There has not been a comprehensive assessment of OAHN for the Gloucestershire HMA since the preparation of a compendium of studies on OAHN for Gloucester, Cheltenham & Tewkesbury and Stroud, Forest of Dean & Cotswold respectively in 2014. As stated by the Inspector examining the Forest of Dean Site Allocations Plan in his Interim Findings dated 24 June 2016 “... *I share the concern that the move away from assessment at the level of the full HMA is a potentially significant departure from good practice ... there was a strong case for considering the relationship between homes and jobs on a broader basis than the individual authority ... it does illustrate the value of addressing the issue at wider than the local scale ... I consider it important that the calculation of OAN should so far as possible be based at the scale of the full HMA ... the implications of local adjustments of economic projections must be reflected at the wider scale ... the Stroud LP Inspector ... also emphasised the importance of a consistent view across the county when assessing the overall level of housing required to meet population and household needs and support economic growth ... the Council should therefore now re-examine its estimation of OAN taking account of the situation across the full HMA*” (paras 26,27 & 30) ;
- The 50% adjustment for Unattributable Population Change (UPC) is negative and reduces the future population projection. It is suggested that no such adjustment should be applied. This approach is also endorsed by the Forest of Dean Inspector’s Interim Findings “*I also endorse the unchallenged decision, as set out in NMSS 2014, not to make an adjustment for UPC, which would have an unwarranted significant counter-effect on predicted population growth*” (para 36) ;

- The separate report on the assessment of affordable housing needs identifies a significant need which suggests a further uplift is appropriate to help deliver affordable housing. 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). In comparison other Local Plans have included significant uplifts to meet affordable housing needs for example in Canterbury there is an uplift of 30% (paras 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% (paras 77 & 78 BANES Core Strategy Final report 24 June 2014). Most recently the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy Inspector's Interim Conclusions proposes a 5% uplift to help deliver affordable housing needs. The Forest of Dean Inspector is also suggesting a 10% uplift in his Interim Findings "*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 recently published Local Plans Expert Group (LPEG) Report recommends significant uplifts to meet in full OAHN for affordable housing too (see Flowchart Steps C & D in Appendix 6 of the LPEG Report) ;
- There is no adjustment for market signals in particular affordability despite the evidence of worsening trends. The Council states that "*the ratio of house price to earnings in the District worsened from 10.88 in 2001 to 11.15 in 2013*" (para 2.0.11 of Cotswold Local Plan). 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 to improve affordability dependant on house price and rental affordability ratios (see text in Appendix 6 of the LPEG Report) ;
- The vacancy and second home rate applied is not representative of actual number of second homes. The Council confirms that "*9.3% of dwellings were second homes or vacant*" (para 2.0.10 of Cotswold Local Plan).

Throughout the Examinations of Plans within the Gloucestershire HMA the HBF has consistently argued for :-

- An adjustment for Household Formation Rates (HFR) in younger age groups should be applied. Whilst 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 continues 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 which particularly affected younger age groups. Moreover 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. The LPEG Report in its recommendations for a standard methodology for the calculation of OAHN proposes adjustments to HFR in younger age groups (see Flowchart Steps A & B in Appendix 6 of the LPEG Report). Indeed it is suggested that the adjustment to HFR in younger age groups (25 – 44 years old) is applied in the same way as the Council has applied the 10 year migration adjustment to the trend based demographic projections in order to establish the demographic starting point for the calculation of OAHN before further uplifts are applied ;

- The use of the upper end rather than the mid-point from economic growth scenario's in the case of Cotswold's from the ranges 7,600 – 9,300 dwellings and 7,700 – 8,800 dwellings. 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*”.

However it is acknowledged that Inspector's examining the Stroud Local Plan, Gloucester, Cheltenham & Tewkesbury Joint Core Strategy and Forest of Dean Site Allocations Plan have not concurred with either of these two arguments.

It is suggested that the Local Plan also provides clarity on the need for institutional class C2 bed spaces over and above the OAHN. As modifications to both the Stroud Local Plan and the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy examining Inspectors have included separate targets.

For the reasons set out above it is recommended that the Council reconsiders its OAHN calculation and any consequential implications for the proposed housing requirement before submission of the Local Plan for Examination. As part of this re-consideration the Council should also appraise if there are any implications arising from the publication of the 2014 SNHP. As set out in the NPPG (ID 2a-016-20140306) a re-assessment of OAHN is only necessary if a meaningful change has been identified by the publication of these projections.

Housing Land Supply (HLS)

The Local Plan sets out a settlement hierarchy and proposes development boundaries around the 17 most sustainable settlements in the District identified as Cirencester and 16 named Principle Settlements. These 17 settlements are grouped into 3 sub areas of South Cotswold (**Policy SA1**), Mid Cotswold (**Policy SA2**) and North Cotswold (**Policy SA3**). **Policy DS1 – Development within Development Boundaries** and **Policy DS2 – Residential Development outside Cirencester and the Principal Settlements** set out the Council's approach to proposed development.

In the context of **Policy DS1** and **DS2** it is noted that 40% of the District's population lives in rural locations so it is imperative that the proposed distribution of housing meets the housing needs of these rural communities. 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.

Table 1 - Housing Land Supply identifies an overall HLS of 9,842 dwellings comprising of 2,385 completions between 2011 – 2016, 3,387 existing commitments, 2,350 dwellings at South Chesterton Sustainable Urban Extension (SUE) in Cirencester (**Policy S2**), 760 other allocations in Principle Settlements and 960 windfall allowance (80 dwellings per annum) between 2019 – 31. This HLS of 9,842 dwellings against a housing requirement of 8,400 dwellings provides a headroom of 17%. The question is whether or not this contingency provides adequate flexibility to respond to changing circumstances. The DCLG presentation slide from the HBF Planning Conference in September 2015 (see below) 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*". Whilst it is acknowledged that this presentation slide illustrates generic percentages across England the Council should justify with robust evidence that 17% provides an adequate contingency for the Cotswold's.

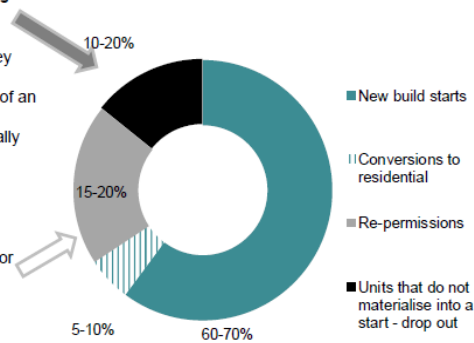
The LPEG Report also recommends that "*the NPPF makes clear that local plans should be required not only to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term (over the whole plan period), plus make provision for, and 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).



In recent years there has been a 30-40% gap between permissions and housing starts

- **Gap of around 30-40%** between the number of permissions given for housing and starts on site within a year. Estimate that for a year's permissions for housing around:
- **10-20%** do not materialise into a start, the permission **'drops out'**: this could be because -
 - the landowner cannot get the price for the site that they want
 - a developer cannot secure finance or meet the terms of an option
 - the development is later not considered to be financially worthwhile
 - there are supply chain constraints hindering a start.

There may be scope to reduce this through policy.
- **15-20%** are not abandoned but a **re-permission** is sought, for example to make a major change to plans or to extend the development period.
- Recent data and realities of private market suggests need to **plan for permissions on more units than housing start/completion ambition.**



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

If the Council determines that more housing land should be allocated 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 SUEs. 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.

With reference to the Council's 5 YHLS position it is noted that since 2011 there has been a surplus of 285 dwellings against an annualised target of 420 dwellings per annum. However as stated above this housing requirement figure may be based on an under estimation of OAHN for the District meaning that the Council's 5 YHLS position of 7.54 years is over stated.

Other Policies

If the Local Plan is to be consistent with the NPPF (paras 173 & 174) the Council must satisfy the requirements for whole plan viability testing whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened. The residual land value model is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact on viability. Therefore it is important that the Council understands and tests the influence of all inputs on the residual land value as this determines whether or not land is released for development.

It is noted that **Policy H2 – Affordable Housing** proposes 30% affordable housing provision on Previously Developed Land (PDL) and 40% on other sites. This is a reduction from the 50% affordable housing provision previously proposed in the Draft Local Plan. This revised affordable housing provision accords with the recommendations of the Whole Plan & CIL Viability Assessment for Cotswold District Council by HDH Consulting dated April 2016. **Policy H2** also permits the individual viability testing of schemes which are not viable.

However with regard to Bullet Point (d) of **Policy H4 – Specialist Accommodation for Old People** it is suggested that the wording subject to viability is added to provide the same flexibility as set out in **Policy H2**.

Policy H1 – Housing Mix & Tenure proposes provision of 5% of plots for self-builders on sites of more than 20 dwellings. Whilst HBF supports self build in principle for its potential contribution to overall housing supply the Council's approach to self-build should be positively undertaken to increase the total amount of new housing developed rather than by a restrictive policy requirement for inclusion of such housing on sites of more than 20 dwellings. This sort of policy approach only changes the delivery mechanism of allocated and permissioned plots from one form of house building company to another without any consequential addition to boosting housing supply. If these plots are not developed by self builders then the Council has effectively caused an unnecessary delay to the delivery of these homes. Moreover the Council should provide a release mechanism if dwellings are not built by self-builders. The Council should also give detailed consideration to the practicalities (for example health & safety implications, working hours, length of build programme, etc.) of implementing any such policy. The Council should refer to the East Devon Inspector's Final Report dated January 2016 which expresses reservations about the implementation difficulties associated with this sort of policy. In para 46 the Inspector states "*However, I don't see how the planning system can make developers sell land to potential rivals (and at a reasonable price)*". If the Council wishes to promote self build it should do so on the basis of evidence of such need. It is not evident that the Council has assessed such housing needs in its SHMA work in accordance with advice set out in the NPPG or if such proposals have been subject to appropriate viability testing by the Council.

The desirable infrastructure category of **Policy INF1 – Infrastructure Delivery** is most appropriately described as something that the Council and / or local community considers would be nice to have. This categorisation of infrastructure provision is not consistent with national policy therefore it should be deleted.

Conclusion

For the Cotswold Local Plan to be found sound under the four tests of soundness as defined by the NPPF (para 182) the Local Plan should be positively prepared, justified, effective and consistent with national policy. It is recommended that the Council re-considers the Local Plan in respect of :-

- co-operation with neighbouring authorities in the Gloucestershire HMA;
- the calculation of OAHN and the housing requirement ;
- the HLS including contingencies and ;
- the appropriateness of policy requirements in Policies H1, H4 and INF1.

Without such re-consideration the Council risks submitting for examination a Local Plan which is unsound for failing to be consistent with national policy, positively prepared, properly justified and so ultimately ineffective. It is hoped that these representations are of assistance to the Council in preparing the next stage of the Cotswold Local Plan. In the meantime if the Council requires any further information or assistance please contact the undersigned.

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



Susan E Green MRTPI
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