



Planning Policy,
East Lindsey District Council,
Tedder Hall,
Manby,
Lincolnshire,
LN11 8UP.

SENT BY E-MAIL AND POST

8th August 2016

Dear Sir / Madam

EAST LINDSEY DRAFT CORE STRATEGY AND SETTLEMENT PROPOSALS PLAN CONSULTATIONS

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 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 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 Development Plan Document (DPD). 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).

The NPPF requires the Council to meet in full OAHN in the HMA. The NPPG defines a HMA as a geographical area reflecting the key functional linkages between places where people live and work. Although it has been determined that East Lindsey District is its own HMA and that full OAHN can be met within its own administrative area without recourse to neighbouring authorities East Lindsey District Council is not isolated. The Council has four neighbouring authorities namely North East Lincolnshire, West Lindsey, North Kesteven and Boston District Councils. It is noted that Central Lincolnshire authorities refer to East Lindsey District Council, where the local housing market is dominated by Lincoln. Therefore it is incumbent on the Council to provide robust evidence to justify its definition of East Lindsey as its own HMA. In this context the HBF cites the comments of the Local Plans Expert Group (LPEG) Report published in March 2016 which refers to “ ... *industry concerns of a trend towards the adoption by authorities ... of smaller and smaller HMAs in an apparent attempt to avoid the full implications of the Duty to Cooperate and even of some authorities treating their own administrative boundaries as the extent of their housing market area, which seems inherently unlikely to be the case*” (para 3.6).

When the DPDs are submitted for examination the Council should prepare a Statement of Co-operation setting out compliance with the requirements for the Duty. At the pre submission consultation stage the HBF may submit further comments on the Council's compliance with the Duty to Co-operate.

Scope of Core Strategy & Settlement Proposals Plan

Currently the Council is proposing two DPD. The Core Strategy setting out the overall spatial strategy including the broad direction of growth and development targets together with the Settlement Proposals Plan which identifies and allocates development sites.

However the NPPF expresses a preference for one single plan (para 153) therefore it is suggested that the Council considers amalgamating the Core Strategy and Settlement Proposals Plan into one document as the Council has not provided justification for continuing to proceed with separate documents (see NPPG ID 12-012-20140306).

Plan period

The plan period should be clearly set out in the DPDs. Although there are references to an end date of 2031 a start date is not specifically referenced. If the proposed plan period is 15 years it is assumed that the start date is 2016.

The NPPF states a preference for a 15 year time horizon for DPDs (para 156). However if the Core Strategy and the Settlement Proposals Plan are not formally adopted until the beginning of 2018 as set out in the latest Local Development Scheme dated March 2016 then less than the preferred plan

period of 15 years would remain. Therefore it is suggested that the Council considers extending the plan period beyond 2031.

OAHN and Housing Requirement

The NPPG sets out a methodology for the calculation of OAHN stating :-

- Sub National Household Projections (SNHP) produced by DCLG are the starting point for OAHN (ID 2a-015-20140306) ;
- 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) ;
- supporting economic growth is an equally important factor which plan makers should assess (ID : 2a-018-20140306). It is essential that housing and employment strategies are properly aligned ;
- an increase in the total housing provision included in a Plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029-20140306).

The Council's OAHN is set out in a number of reports including the Housing Topic Paper dated February 2016 and the Updating the Demographic Evidence Report by Edge Analytics dated June 2015. The Council's calculation of OAHN is based on :-

- the 2012 SNPP ;
- an adjustment for 10 year migration trends ;
- an average Household Formation Rate (HFR) derived from 2008 and 2012 SNHP;
- a vacancy / second homes conversion rate.

This equals an OAHN figure of 7,215 dwellings (481 dwellings per annum) to which is added :-

- 600 dwellings for the under supply of housing against this OAHN between 2011 and 2014.

A housing requirement of 7,815 dwellings (521 dwellings per annum) is proposed. This figure is set out in **Policy SP2**.

The HBF would concur with the Council's approach to sensitivity testing of migration trends and HFR and the subsequent adjustments in the calculation

of OAHN. However the HBF would question if sufficient consideration has been attributed to supporting economic growth given the foreseeable reduction in the resident labour force (see NPPG ID : 2a-018-20140306) and affordable housing needs (see NPPG ID : 2a-029-20140306). This lack of consideration may have under estimated OAHN.

The Council should also consider if there are any implications arising from the publication of the 2014 SNPP and 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 these projections.

It is the Council's intention to meet its OAHN in full but away from the Coastal Area with its high risks of flooding. Therefore the housing requirement is divided between the Coastal and the Inland Areas of the District. **Policy SP1** sets out a sustainable pattern of places and **Policy SP2** sets out the location of housing growth in particular Inland growth.

Under **Policy SP13** the Coastal Area housing requirement is set as a maximum of 1,308 dwellings (derived from existing planning consents). In the Inland Area the housing requirement is set as minimum of 6,534 dwellings (435 dwellings per annum). In the Inland Area the preferred pattern of housing distribution is based on Option 2 for a Moderately Dispersed Distribution of Growth focussing on the District's 5 inland towns and 20 large villages outside the Coastal Flood Risk Area. However the apportionment of development to the individual towns and villages is somewhat opaque which requires further clarification by the Council. The apportionment seems to be based on a two stage process :-

- firstly a pro rata percentage division on the needs of the existing population set out in the Core Strategy and ;
- secondly a site allocation selection based on a housing land supply assessment set out in the Settlement Proposals Plan.

This lack of clarity should be lessened if the two currently proposed separate DPDs are amalgamated into one Plan.

At pre submission consultation stage the HBF may submit further comments on the OAHN, the housing requirement and housing distribution.

Housing Land Supply (HLS)

At the current time the Council does not have a 5 years housing land supply (YHLS). The latest 5 YHLS is only 3.15 years. It is assumed that this calculation is based on a 20% buffer for persistent under performance and the application of the buffer to both the annualised requirement and the shortfall. On adoption of the DPDs the Council will have to demonstrate a 5 YHLS and its ability to maintain this 5 YHLS throughout the plan period. Without a 5 YHLS the DPDs would fail the NPPF soundness tests of positively prepared, effective and consistent with national policy (para 182). Unless there is a 5 YHLS under the NPPF (para 49) the housing policies of the DPDs including

all policies restricting housing development (see the Court of Appeal Judgement *Richborough Estates Partnership LLP v Cheshire East Borough Council & SoS CLG (C1/2015/0894)*) would be instantly out of date on adoption.

It is noted that the Council is proposing a Liverpool approach to shortfalls in the calculation of its 5 YHLS despite the NPPG preference for Sedgefield (ID 3-035-20140306). This is inappropriate. Furthermore in **Policy SP2** the Council is also proposing a stepped trajectory of 400 dwellings per annum between 2016 – 2021, 500 dwellings per annum between 2021 – 2026 and 663 dwellings per annum between 2026 – 2031. This stepped trajectory should not be seen as a restriction preventing housing development from coming forward sooner if possible. A stepped trajectory and the Liverpool approach is a “double whammy” to housing provision. The Council should be dealing with housing provision to meet OAHN as soon as possible. As stated by the Stratford upon Avon Local Plan Inspector in his Final Report “*This is more than just a theoretical exercise because there are households who need to be housed now and it is not appropriate to wait until 2031 in order to address their needs*” (para 316).

Although the HBF would not wish to comment on the merits or otherwise of individual sites contained within the Council’s housing trajectory it is critical that the Council’s assumptions on lapse rates / non implementation allowance, lead in times and delivery rates contained within its calculations are correct and realistic to provide sufficient flexibility in its land supply. These assumptions should be supported by house builders.

It is noted that the Council refer to a contingency of 969 dwellings (12%) in the overall HLS against the housing requirement. The derivation of this figure is not obvious so the Council should provide further clarification. The question is whether or not 12% provides sufficient flexibility to respond to changing circumstances. The DCLG presentation slide from the HBF Planning Conference in September 2015 illustrates 10 – 20% non-implementation gap together with 15 – 20% lapse rate (see below). This 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 shows generic percentages across England the Council should provide robust evidence to demonstrate that 12% headroom is adequate for East Lindsey.

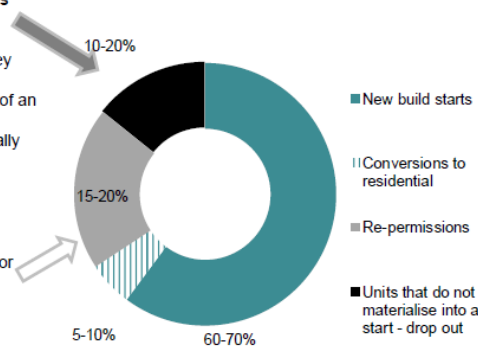
The recently published Local Plans Expert Group (LPEG) Report also recommends that “*the NPPF makes clear that local plans should be required not only to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term (over the whole 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 considers allocating more 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. 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.

In **Policy SP6** Bullet Point 1 the Council is proposing a brownfield first approach to development in medium and small villages. 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 Council's 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 is changed to encourage rather than prioritise the re-use of previously developed land which is unsound.

Viability and Affordable Housing

If the 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). 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 that the Council understands and tests 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.

On sites of more than 15 dwellings **Policy SP3** proposes affordable housing provision of 0% in low value areas and Coastal Flood Hazard Zone, 30% in medium and high value areas and 40% in very high value areas. These policy targets accord with the recommendations of the East Lindsey Economic Viability Assessment Update by GVA dated September 2015.

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. Therefore it is suggested that Bullet Point 2 is re-worded concerning the method of assessment of checking unviable schemes.

Before the DPDs are submitted for examination it is likely that policies may change as a consequence of the Housing & Planning Act 2016 and the introduction of Starter Homes as a form of Affordable Housing. At pre-submission consultation stage the HBF may wish to submit further comments on any subsequent changes proposed by the Council.

Housing Standards

Policy SP6 Bullet Point 6 proposes higher optional standard for water efficiency of 110 litres per person per day. 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”*. 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.

Neighbourhood Planning

In the Core Strategy **Policy SP2A** it is proposed that Neighbourhood Plans provide the relevant housing growth as identified in **Policy SP2**. Under the NPPF the ambition of a neighbourhood should be aligned with the strategic needs and priorities of the wider area (para 184). The Neighbourhood Plan must be in general conformity with the clearly set out strategic policies of the Local Plan. Neighbourhood Plans should reflect these policies and neighbourhoods should plan positively to support them. Neighbourhood Plans should not promote less development than set out in the Local Plan or undermine its strategic policies. The NPPF sets out that the Neighbourhood Plan should demonstrate general conformity with the strategic policies of the Local Plan (para 185).

Therefore the relationship between the Core Strategy, Settlement Proposals Plan and Neighbourhood Plans should be clear in particular the expectation that Neighbourhood Plans are in conformity with the DPDs and the strategic policies contained therein. Therefore the DPDs should provide a clear strategic framework for the Neighbourhood Plans to work within qualifying both the scale (village requirements) and timing of the proposed development.

However **Policy SP2A** in the Core Strategy is somewhat misleading because an examination of the Settlement Proposals Plan indicates that only Alford is proposing site allocations in a Neighbourhood Plan. It appears everywhere else site allocations are set out in the Settlement Proposals Plan rather than in Neighbourhood Plans.

Conclusions

For the East Lindsey Core Strategy and Settlement Proposals Plan to be found sound under the four tests of soundness defined by the NPPF the DPDs must be positively prepared, justified, effective and consistent with national policy (para 182). It is recommended that for the DPDs to be found sound the Council should re-consider :-

- its justification for two separate DPDs rather than one single Local Plan;
- the plan period which will be less than 15 years on adoption ;
- a housing requirement on the low side of an OAHN calculation which under estimates supporting economic growth and delivery of affordable housing ;
- the definition of the HMA and implications under the Duty to Co-operate ;
- no 5 YHLS on adoption of the Plan ;

- if the overall HLS includes sufficient contingency to be flexible enough to respond to changing circumstances ;
- the prioritising of brownfield land which is inconsistent with national policy ;
- the role of Neighbourhood Planning ;
- the robustness of evidence to justify proposed higher optional housing standards for water efficiency.

It is hoped that these representations are of assistance to the Council in informing the next stages of the East Lindsey Core Strategy and Settlement Proposals Plan. In the meantime if any further information or assistance is required please contact the undersigned.

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



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