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SENT BY E-MAIL AND POST

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Dear Sir / Madam

## **PURBECK LOCAL PLAN PARTIAL REVIEW OPTIONS 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 Hearing Sessions to discuss matters in greater detail.

### **The Scope of Local Plan**

As set out in the Inspector's Final Report on the Purbeck Local Plan Part 1 this Plan was only considered an appropriate basis for planning in the short term. The National Planning Policy Framework (NPPF) expresses a preference for one single plan (para 153) therefore it is suggested that the Council considers amalgamating the Purbeck Local Plan Part 1 and the Swanage Local Plan into one document as there is no on-going justification for separate documents (see National Planning Practice Guidance (NPPG) ID 12-012-20140306).

### **Plan period**

The Council's decision to extend the plan period end date from 2031 to 2033 is supported by the HBF. The HBF also supports the co-ordination of this end date with the proposed end date of the Poole Core Strategy Review as both

these neighbouring authorities are part of the Eastern Dorset Housing Market Area (HMA).

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

The latest OAHN for market and affordable homes is set out in the Eastern Dorset SHMA Final Report dated October 2015 by GL Hearn. The OAHN for Purbeck of 238 dwellings per annum is calculated as follows :-

- 121 dwellings per annum representing the demographic starting point (using 2012 Sub National Household Projections (SNHP), 2013 mid-year Sub National Population Projections (SNPP) & vacancy / second homes conversion rate from 2011 Census data) ;
- 111 dwellings per annum uplift to support economic growth (using the preferred Local Knowledge scenario) in order to have a local workforce of sufficient size available despite an ageing population ;
- 6 dwellings per annum uplift to improve affordability (representing 4% increase by an upward adjustment to Household Formation Rates (HFR) in the 25 – 34 age group).

The HBF would submit the following initial observations on the Council's assessment which may under estimate OAHN for the following reasons :-

- It is agreed that 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 particularly affected younger age groups. It is also agreed that 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). So the Council's adjustment to HFR in younger age groups is appropriate. However as suggested in the recently published Local Plans Expert Group's (LPEG) Report in its recommendations for a standard methodology for the calculation of OAHN 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 the Report). Therefore the use of an adjustment to HFR in the 25 – 34 age group as a market signal adjustment to improve affordability is not appropriate ;
- Moreover the uplift to improve affordability of 6 dwellings per annum (representing only 4% uplift) is insignificant given the long standing issue of housing affordability in Purbeck. It is known that lower quartile house price to income ratio is 9.87 (see Table 42 in Eastern Dorset SHMA Report). 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 also found an overall increase of 10% was appropriate to achieve the objective of improving affordability. The LPEG recommendations propose an uplift of up to

25% to improve affordability dependant on house price and rental affordability ratios (see text in Appendix 6 of the Report) ;

- No uplift to the overall housing requirement to help deliver affordable housing despite the identification of a significant affordable housing need of 149 dwellings per annum representing 62% of total OAHN. 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% (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). Most recently the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy Inspector's Interim Conclusions proposes a 5% uplift to help deliver affordable housing needs. Likewise 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) ;
- There is also a concern that the housing requirement ignores the housing needs not met in the period 2006 – 2013 when the housing requirement was 120 dwellings per annum in the adopted Local Plan but as acknowledged by the Council "evidence at the time of the Purbeck Local Plan Part 1 Examination showed that the Council should have been planning for 170 homes per year" (para 54 of current consultation document). Since the Council was underperforming against these housing provision figures the Council should not be cancelling out these unmet housing needs by resetting the start date in the Local Plan Review.

Whilst it is acknowledged that upward adjustments are not mutually exclusive and the Council has made a significant adjustment to support economic growth it remains appropriate for the Council to re-consider further adjustments to improve affordability and increase delivery of affordable housing.

At the same time 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 in these projections.

The Eastern Dorset SHMA Report identifies an additional need for 131 C2 bed-spaces over and above the OAHN of 238 dwellings per annum. It is

understood that the Council is proposing to make one site allocation for 50 bed C2 use but this will not meet this need in full.

The Council is proposing a housing requirement of 238 dwellings per annum equal to 4,760 dwellings over the plan period 2013 – 2033. This is described as a net addition of 3,080 dwellings calculated as 118 dwellings per annum (the difference between 120 dwellings per annum in the adopted Local Plan and the proposed housing requirement) for 14 years between 2013 - 2027 plus 238 dwellings per annum for the next 6 years between 2027 - 2033. This housing requirement figure should be clearly set out in the reviewed document together with the separate need for C2 accommodation. Moreover the housing requirement should be expressed as a minimum to ensure that full housing needs are planned for in accordance with the NPPF.

The HBF agrees that the Council should be meeting its OAHN in full however for the reasons outlined above this OAHN may be higher than the 238 dwellings per annum proposed by the Council as its housing requirement. If the Council was unable to accommodate a higher housing requirement figure then any unmet housing needs should be met elsewhere in the HMA through arrangements made under the Duty to Co-operate.

At the draft and pre-submission stages of the Purbeck Local Plan Review the HBF may submit further comments on OAHN and the housing requirement.

### **Site Allocations & Housing Land Supply (HLS)**

The Council is proposing a new infrastructure led approach to development within the existing Settlement Hierarchy. The Council proposes development for circa 3,195 dwellings on 8 sites to meet the net additional dwellings need of 3,080 dwellings. This proposed HLS assumes that there is an adequate HLS for the 120 dwellings per annum in the adopted Plan which should be confirmed by the Council. The 8 proposed site allocations are distributed as :-

- 2 in the Central Area at Wareham ;
- 3 in the North East Area at Lytchett Minister and Upton ;
- 2 in the South East Area at Langton Matravers and Harman Cross ;
- 2 in the South West Area at Wool and Moreton Station.

It is noted that the Council is not proposing any further growth in Swanage which is named in the top tier of the most sustainable settlements in the hierarchy. The Council should confirm that its proposed new infrastructure led approach is aligned to the existing distribution pattern and settlement hierarchy which the Council is proposing to retain.

The Council is providing 4% contingency in its HLS over the plan period but this may provide insufficient flexibility to respond to changing circumstances. It is suggested that there should be more contingency provided (see below DCLG presentation slide from the HBF Planning Conference in September 2015). 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*”.

Whilst it is acknowledged that this presentation slide shows generic percentages across England the Council should provide robust evidence to justify that 4% provides adequate headroom in Purbeck.

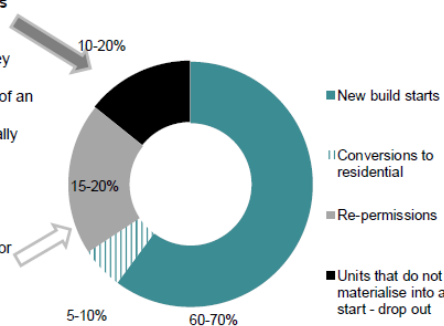


Department for  
Communities and  
Local Government

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.**



Extracts 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).

It is suggested that the Council should consider both alternative sites and rounding off settlement boundaries to provide greater flexibility in the HLS. At the same time the Council should consider making provision for reserve sites and / or safeguarded land to meet the development needs of the area as originally recommended in the Inspector's Final Report on the Purbeck Local Plan. When identifying locations for growth and site allocations to meet the District's housing needs the Council should consider the widest variety of sites by size, location and market type to enable the house building industry to maximise delivery.

## Affordable Housing Policy

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 on the residual land value as this determines whether or not land is released for development. The 2016 up dated Viability Study does not provide a definitive assessment of viability therefore the Council should re-visit its viability assessment before

determining if the Affordable Housing Policy for 40% affordable housing provision in the North and 50% affordable housing provision in the South remains viable.

The current Affordable Housing Policy site thresholds of 2 or more dwellings should be amended to comply with national policy as set out in the WMS dated 25<sup>th</sup> March 2015, Court of Appeal Judgement in the case of Berkshire District Council & Reading Borough Council [2016] EWCA Civ 441 and subsequent changes to the NPPG. If any commuted sums are sought on sites of 6 – 10 dwellings the Local Plan should be clear that such monies are only payable on completion of the development.

The Council should also take into consideration the Government's proposals for Starter Homes.

It is suggested that the Council's re-testing of viability includes proposals under Housing Mix Policy (see below), proposed changes on affordable housing tenure mix to 77% rented / 23% intermediate, reductions in rental incomes for RSLs with its implications on transfer values, affordable housing policy site thresholds and Starter Homes.

### **Housing Mix Policy**

The Council is proposing :-

- on sites of more than 11 dwellings 10% M4(2) Accessible & Adaptable Homes ;
- on sites of more than 20 dwellings 5% self build ;
- on sites of more than 20 dwellings 10% of market housing as bungalows ;
- on strategic settlement extension sites 20% of market and affordable housing to be C3 specialist accommodation.

Whilst the HBF is supportive of self-build for its potential to provide further additionality to housing supply. If the Council wishes to encourage self-build this encouragement should be based on evidence of an existing 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. The Council's encouragement should also be undertaken positively to increase the overall amount of new housing development rather than by a restrictive policy requirement for inclusion of such housing on sites of more than 20 dwellings. A restrictive policy approach only changes the form of delivery of allocated and / or permissioned dwellings from one type of house building company to a self-builder. If these plots are not developed by self-builders then the Council has caused unnecessary delay to the delivery of these houses. If dwellings are not built by self-builders in a reasonable timeframe then the proposed policy should include a release mechanism to enable building of these dwellings by others who are not 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 and all proposals should be subject to appropriate viability testing. It is

not evident if the Council has undertaken appropriate viability testing of its proposed 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)*".

Any proposals to introduce optional higher Building Regulation standards in Local Plan policies should be justified using the criteria set out in the NPPG and viability tested (ID 56-005 to 56-012). This relates to the Council's proposals for M4(2) Accessible & Adaptable Homes standards.

Finally the HBF agrees with the Council that there are considerable difficulties in controlling second homes through planning policy and such an approach is likely to be found unsound in Examination.

### **Conclusions**

It is hoped that these comments are helpful in informing the next stages of the Purbeck Local Plan Part 1 Partial Review. If any further assistance or information is required please contact the undersigned.

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



**Susan E Green MRTPI**  
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