

Local Plan,
Planning,
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28/10/2016

Dear Sir / Madam,

North East Lincolnshire Pre-Submission Local Plan: Further Consultation

1. Thank you for consulting with the Home Builders Federation (HBF) on the Pre-submission Local Plan: Further Consultation and updated evidence base.
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. We would like to submit the following comments. These comments should be read in conjunction with our previous responses to the Pre-submission Local Plan (2016). Our previous objections remain unless otherwise stated in this response.
4. **The HBF would also like to attend the examination in public to debate these matters further.**

Schedule of Modifications to the Pre-Submission Draft Local Plan (2016)

5. The following comments are made in relation to the *Schedule of Modifications to the Pre-Submission Draft Local Plan (2016)* document. The HBF considers that many of the proposed modifications are minor in nature and as such we have focused our comments solely upon the proposed changes which we consider materially affect the plan in terms of housing need, supply and delivery. We have not provided any comments upon issues which remain unchanged.

SPM87; Page 125; Paragraph 13.9

The proposed change, whilst welcome, does not overcome our original concerns and is considered unsound as it is not effective or positively prepared.

6. The HBF welcomes the additional text and identified additional sources of supply, which specifically relate to development company sites. The estimated deliverable capacity does, however, remain below the plan requirement. Our original concerns, set against Policy 11, therefore remain. The HBF recommends further sources of supply are identified to meet the plan housing requirement as a minimum.

SPM88; Page 126; Table – Estimated Delivery until 2032

The proposed change, whilst welcomed, does not overcome our original concerns and is considered unsound as it is not effective or positively prepared.

7. I refer to our comments against SPM87 above which equally apply to this modification.

SPM90; Page 127 to 132; Policy 11

8. The HBF supports the proposed amendment which recognises that the remaining units are estimates.

SPM101; Page 141; Paragraph 13.41

9. The HBF supports the deletion of the reference to Lifetime Homes in this paragraph.

SPM103; Page 142; Policy 14

The policy is considered unsound as it is not adequately justified.

10. Whilst the deletion to the reference of Lifetime Homes is supported the new footnote appears to indicate that the optional accessibility standards within Part M will be implemented through planning condition. The Council will be aware that the optional standards can only be applied where justified by appropriate evidence and examined through the Local Plan process. The HBF is unaware that the Council currently possesses such evidence. In this respect our original concerns and suggested amendments to the policy, outlined in our response to the pre-submission plan, remain.

SPM104; page 143; Paragraph 13.44

11. The HBF supports the deletion of the reference to Lifetime Homes in this paragraph.

SPM105; page 147; Policy 16 Affordable Housing

The proposed change is considered unsound as it is not justified.

12. The following response is provided without prejudice to our comments upon the *Local Plan Viability Assessment Update*, included below.

13. The HBF supports the reduced affordable housing contributions in the 'High' Housing Market Zone. We are, however, concerned that the 20% greenfield and 15% brownfield rates remain marginal at best. This is particularly important given that the *Local Plan Viability Assessment Update* does not include an allowance for abnormal site costs (paragraph 4.12), where abnormal costs are apparent this will erode any viability upon such sites.

14. It is unclear why the affordable housing requirements within the 'Medium' Housing Market Zone have been increased from 5% to 10% on brownfield sites, again all sites within this area with a 10% contribution are at best marginal. The Council will be aware that the PPG states;

“Plan makers should not plan to the margin of viability but should allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating. Current costs and values should be considered when assessing the viability of plan policy. Policies should be deliverable and should not be based on an expectation of future rises in values at least for the first five years of the plan period. This will help to ensure realism and avoid complicating the assessment with uncertain judgements about the future. Where any relevant future change to regulation or policy (either national or local) is known, any likely impact on current costs should be considered” (our emphasis ID 10-08) and ***“Planning obligations must be fully justified and evidenced. Where affordable housing contributions are being sought, planning obligations should not prevent development from going forward”*** (our emphasis ID 23b-005).

15. From the evidence provided it is clear that certain sites, upon which the Council is reliant for delivery of its strategy, will either be unviable or marginal based upon the cumulative impact of plan policies.

16. In conclusion whilst some of the proposed changes are welcomed they are not considered to be sufficient to overcome our original concerns.

Local Plan Viability Assessment Update Report (July 2016)

17. The HBF welcomes the July 2016 *Local Plan Viability Assessment Update Report* (hereafter referred to as the 'Viability Report'). We do, however, have a number of concerns and queries regarding the report which may require greater clarification, additional evidence or changes to the assumptions. These are set out in report order below.

Appraisal Methodology

18. The HBF is pleased to note that the Viability Report has taken account of 'The Harmon Report'¹. Unfortunately the use of assumptions within the report do not always conform to the guidance, specific references are made against relevant sections of the report.

Development Typology

19. The use of allocations to inform the development typologies is generally considered appropriate. The report should, however, recognise that these will not be the only source of supply. Indeed the plan does not allocate sufficient sites to meet its requirement over the plan period. It is therefore recommended that the development typologies be supplemented by other generic site typologies across the housing market areas which would mirror the other anticipated sources of supply, this should include small sites below the 10 unit threshold.

Sales Values

20. Paragraph 4.9 identifies a range of sales values. These values appear to be based upon a limited number of new sales outlets identified in appendix 2. The sales values are considerably higher than those contained in the previous 2013 *Local Plan and CIL Viability Assessment*. The limited evidence is not considered to support such an increase.

21. It is unclear whether the values in appendix 2 of the Viability Report relate to sales prices or actual sales values inclusive of incentives and discounts. Furthermore with regards the price/sq.m. it is not clear whether the values obtained from new build are applied to Net Sales Area or Gross Internal Area. We recommend a consistent approach is taken and that Net Sales Area is used.

Affordable Housing Sales Values

¹ Local Housing Delivery Group (2012): Viability Testing Local Plans

22. It is understood that this reflects the current tenure split requested by the Council (i.e. 75% social rented and 25% intermediate products) at a discount of 60% market value. If it is the Council's intention to retain this split it should be replicated in the plan to ensure that the Viability Report is fit for purpose and consistent with its evidence base, alternatively other splits should be tested.

Abnormals

23. Paragraph 4.12 notes that no abnormal costs have been taken into account. Given the potential for abnormal costs across large swathes of the district this is a cause for concern. The approach also increases the need for a buffer to be applied, see our comments in paragraph 14 above.

Section 106 contributions

24. Whilst it is acknowledged these are based upon average contributions over the proceeding five years they appear low and are significantly below the £17,000 to £23,000 per dwelling considered appropriate for large sites within the Harmon Report. The assumptions also do not appear to take account of Section 278 agreements. It is recommended that the assumptions applied be re-visited and considered alongside the infrastructure requirements identified within the Infrastructure Delivery Plan.

Standard Development Allowances

25. Professional fees, marketing, finance and profit are included under this heading. In terms of professional fees and marketing these both sit at the lower end of the range identified by the Harmon Report (page 45 and 35 respectively). Considering that North Lincolnshire is not the strongest housing market nationally these are considered low and an increase is recommended.
26. There also does not appear to be any allowance made for land acquisition costs and stamp duty which are identified in the Harmon Report as separate costs from professional fees.
27. In terms of finance costs it is unclear if these are included within the 25% upon GDV allowance for profit within the study. This requires clarity and explanation, we may have further comments upon this once the details are known.

Benchmark Land Values

28. The benchmark land values appear low and are based upon very limited sources of information, further analysis and explanation of the values identified at paragraph 4.21 are required to justify the figures.

Duty to Co-operate Interim Statement Update (September 2016)

29. The updated statement does not address our previous concerns relating to the lack of information regarding the effect of emerging plans from neighbouring authorities and how the ambitions of the two LEPs has been translated into actions within the plan, particularly in relation to housing growth. Further details are included within paragraphs 9 to 12 of our comments upon the pre-submission version of the Local Plan.

Five Year Housing Land Supply Assessment (August 2016)

30. The following response is provided without prejudice to our comments regarding the proposed housing requirement identified in the pre-submission version of the Local Plan. Our comments are set out in report order.

Delivery rates

31. The identified assumptions for delivery rates appear reasonable. The HBF also supports that variance from these rates should only be applied following discussions with the relevant site promoters / developers.

Lead-in times

32. These are generally considered appropriate, however, these will be highly dependent upon the Council's commitment to the swift granting of planning permissions, signing section 106 agreements and responding to pre-commencement conditions. The Council should also consult the developer / site promoter on likely start dates where possible.

33. The residual allocations are provided the same lead-in time as outline permissions, this is not considered to be justified. It is unlikely that such sites can be brought forward in the same timeframe as a site which benefits from outline permission. The HBF consider that the time taken to gain outline permission be factored into the lead-in time. As such where it is justified to include residual allocations² the lead-in time should be pushed back a further year.

² Residual allocations should only be included where there is clear commitment from a developer to bring the site forward within the first five years.

34. Whilst paragraph 2.10 discusses sites with a resolution to grant it would provide greater clarity if this was a separate category within table 1.
35. Finally it should also be noted that larger sites may require longer lead-in times due to the additional infrastructure and preparation work which is usually required. The Council may therefore wish to consider differential lead-in times between small and strategic sites.

Demolitions and Losses

36. The document, paragraph 2.14, refers to 640 demolitions being made during the five year period due to the regeneration scheme at East Marsh, thus reducing net supply. The document then refers to spreading the impact of the demolitions over the plan period, and therefore only taking account of 425 of the demolitions in the five year period. This is counter-intuitive and unjustified, either all of the demolitions are occurring in the five year period or not. Given the evidence available the HBF consider that the full extent of the demolitions should be taken into account at the time they occur. This will inevitably further reduce the five year supply.

Housing Delivery

37. The HBF agrees that the Council is a 20% authority (paragraph 4.2) in compliance with the NPPF paragraph 47. The HBF also agrees that the 'Sedgefield' method is the most appropriate method to 'make-up' the shortfall and that the 20% buffer should be applied to both the shortfall and housing requirement (paragraph 4.3).

Five Year Housing Land Supply

38. Whilst the HBF has not undertaken a thorough assessment of the land supply with North East Lincolnshire it is clear that the Council is currently unable to identify a five year supply of housing. This issue will need to be addressed through the Local Plan and solutions sought, otherwise the housing policies within the plan will be immediately out of date upon adoption.

Information

39. Please note our change of address, identified on the first page footer. All future correspondence should be sent to this address. In terms of email communications please use: matthew.good@hbf.co.uk.

40. I would be happy to discuss any of the issues raised in this representation further prior to submission of the document.

Yours sincerely,

MJ Good

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