



Strategic Planning & Infrastructure Services
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Dear Sir / Madam

PLYMOUTH & SOUTH WEST DEVON JOINT 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 Examination Hearings Sessions for the Plymouth & South West Joint Local Plan.

Duty to Co-operate

Under S110 of the Localism Act 2011 which introduced S33A into the 2004 Act Councils must co-operate with other prescribed bodies to maximise the effectiveness of plan making. The Duty to Co-operate requires 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 Joint 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 NPPF).

The HBF commends Plymouth City Council, South Hams District Council and West Devon District Council for coming together to prepare a Joint Local Plan for Plymouth & South West Devon. Although it has been determined that Plymouth & South West Devon is its own HMA and that full OAHN can be met within the administrative areas of the three Councils without recourse to other neighbouring authorities Plymouth & South West Devon is not isolated. The HMA abuts six other authorities namely Cornwall Council, Torbay Council, Dartmoor National Park Authority, Torridge, Mid Devon and Teignbridge District Councils. The Councils have acknowledged the importance of their inter relationships with adjoining authorities and HMAs. **Policy SPT7** sets out the Councils working relationship with the neighbouring HMAs of Cornwall and Exeter. There is also the matter of meeting OAHN in the Dartmoor National Park which lies within the Plymouth & South West Devon HMA but outside the Joint Local Plan.

By the time of the Plymouth & South West Devon Joint Local Plan Examination a Statement of Common Ground explaining cross boundary working as proposed in the recently published Housing White Paper "*Fixing The Broken Housing Market*" may be required. If a Statement of Common Ground is prepared the HBF may wish to submit further comments on the Councils legal compliance with the Duty and any implications for the soundness of the Joint Local Plan in further written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

OAHN and Housing Requirement

Policy SPT3 – Provision for New Homes proposes at least 26,700 dwellings (1,335 dwellings per annum) for the plan period 2014 – 2034 of which at least 19,000 dwellings (71%) are distributed to the Plymouth Policy Area (defined as Plymouth City Council's administrative area plus the urban fringe of South Hams District Council) and at least 7,700 dwellings (29%) in the Thriving Towns & Villages Policy Area (defined as West Devon & South Hams District Councils administrative areas excluding the urban fringe of South Hams and the Dartmoor National Park).

The OAHN for the Plymouth & South West Devon HMA is set out in the Strategic Housing Market Needs Assessment (SHMNA) Part 1 Report dated February 2017 by Peter Brett Associates (PBA) and the Housing Topic Paper (Provision & Supply) dated March 2017. The housing requirement of 26,700 dwellings is based on an OAHN calculation summarised as :-

- 2014 SNHP household growth projection of 20,500 ;
- 7.9% vacancy & second homes rate ;
- Devon County Council 10 years migration trend ;
- Market signal uplift of 10% in Plymouth, 20% in West Devon & 25% in South Hams ;
- No economic led adjustment ;
- No adjustment for affordable housing delivery ;
- Less provision of 600 dwellings in the Dartmoor National Park.

The affordable housing need calculation is set out in the SHMNA Part 2 Report dated February 2017 prepared jointly by PBA & HDH consultants. The affordable housing need is calculated as 6,880 dwellings (344 dwellings per annum) based on the assumption that 35% of household income is spent on housing costs. The affordable housing need is divided across three authorities as 189 affordable dwellings per annum (representing 21.5% of OAHN) in Plymouth, 98 affordable dwellings per annum (representing 58.6% OAHN) in South Hams and 57 affordable dwellings per annum (representing 24% OAHN) in West Devon.

Sensitivity testing shows significant increases in affordable housing needs if it is assumed that lower percentages of household income are spent on housing costs. It is clear that the Prime Minister considers housing costs as high as 35% of household income are unacceptable. As set out in the Foreword to the recently published Housing White Paper the Prime Minister states *“Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting the fact is that housing is increasingly unaffordable – particularly for ordinary working class people who are struggling to get by ... high housing costs hurt ordinary working people the most. In total 2.2 million working households below-average incomes spend a third or more of their disposable income on housing. This means they have less money to spend on other things every month ... I want to fix this broken market so housing is more affordable ... The starting point is to build more homes. This will slow the rise in housing costs so that ordinary working families can afford to buy a home and it will also bring the cost of renting down”*. If 30% rather than 35% of household income is spent on housing then affordable housing need increases to 711 dwellings per annum and if 25% instead of 35% of household income is spent on housing then affordable housing need increases to 1,097 dwellings per annum (see pages 103 – 104 of SHMNA Part 2 Report). The Councils willingness to accept that 35% of household income is spent on the cost of housing artificially reduces affordable housing needs across the HMA. This lowering of affordable housing need means that an increase to the housing requirement to help deliver affordable homes was given insufficient consideration by the Councils (NPPG ID 2a-029-20140306) therefore no uplift was applied. Even with 35% of household income spent on the cost of housing affordable housing need is particularly acute in South Hams where affordable housing needs are significantly higher than elsewhere in the HMA.

In the context of the NPPF’s requirement to significantly boost housing supply (para 47) it is disappointing that the proposed overall housing requirement has reduced from housing numbers in adopted Plans and previous consultations. It is also noted that the proposed housing requirement ignores unmet needs from the preceding plan periods. The Annual Monitoring Reports for each respective Council show deficits against planned housing targets as set out in previously adopted Core Strategies. As currently proposed these unmet housing needs are wiped out by the Councils re-setting the starting position in 2014 in the new Joint Local Plan. The Local Plans Expert Group (LPEG) Report identified this potential to cancel out shortfalls in housing delivery prior to the base date of the plan by subsequent reviews, updates or replacement

plans. The LPEG Report recommended that the housing requirement figure should consider any shortfall in housing delivery for a maximum of ten years prior to the base date to ensure that any shortfall is not cancelled out by virtue of regular plan review which should take place at least every five years (see Appendix 6 of LPEG Report).

The NPPG identifies that plan makers should assess employment trends (ID 2a-018-20140306). It is noted that the Councils assessment of economic led growth comprises of only one economic forecast from Experian to which local adjustments to Fisheries & Defence are applied. The Councils should re-consider if such a limited assessment is adequate justification for no uplift to OAHN.

It is noted that the recently published Housing White Paper points out that some Councils are not undertaking an honest assessment of housing needs. As a consequence the Housing White Paper proposes a standard methodology for the assessment of housing needs / requirements. The Councils should give consideration to the implications of this proposal. By the time of the Plymouth & South West Devon Joint Local Plan Examination it may be necessary for the Councils to prepare an assessment of housing needs based on this standard methodology especially given that from April 2018 this is the baseline against which 5 YHLS and Housing Delivery Test will be calculated in the absence of an up to date Local Plan (defined as a Plan that is less than 5 years old against this criteria the adopted Core Strategies for Plymouth (adopted in 2007), West Devon (adopted in 2011) and South Hams (adopted in 2006) are all out of date). If a re-assessment of housing needs using the standard methodology is undertaken the HBF may wish to submit further comments on OAHN and the housing requirement for Plymouth & South West Devon in written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

Housing Land Supply (HLS)

The housing requirement is distributed between Plymouth Policy Area (71%) and the Thriving Towns and Villages Policy Area of South Hams and West Devon (29%). In Plymouth three growth areas are identified namely the city centre & waterfront (3,802 dwellings), Derriford & the Northern Corridor (4,171 dwellings) and the Eastern Corridor (7,043 dwellings). Housing site allocations are identified in each growth areas respectively. Elsewhere in Plymouth beyond the three growth areas 1,730 dwellings are allocated. As recommended in the recently published Housing White Paper the Councils have allocated a wide variety of site sizes ranging from 5 dwellings up to 5,500 dwellings at the Sherford New Community. However it is noted that the housing trajectory for the Plymouth Policy Area is particularly challenging.

In the Thriving Towns & Villages Policy Area housing growth is proposed in a sustainable settlements hierarchy set out in **Policy TTV1**. This proposed settlement hierarchy comprises of Main Towns (4,471 dwellings), Smaller Towns & Key Villages (970 dwellings), Sustainable Villages (720 dwellings) and Smaller Villages, Hamlets & Countryside. It is noted that in the Thriving Towns & Villages Policy Area there is less variety in housing allocation site

sizes in comparison to the Plymouth Policy Area for example in the Main Towns out of 26 allocated sites only 3 sites are for less than 30 dwellings. There are no site allocations for Sustainable Villages or Smaller Villages. The Joint Local Plan anticipates that development in these settlements will be brought forward via Neighbourhood Plans as set out in **Policy TTV30. Policy TVV31** confirms that in the countryside housing development adjoining or very near to an existing settlement will only be supported where it meets the essential small scale local development needs of the community and provides a sustainable solution.

The HBF do not comment on the merits or otherwise of individual sites therefore our representations are submitted without prejudice to any comments made by other parties on the deliverability of specific sites included in the overall HLS, 5 YHLS and housing trajectories. However it is essential that the Councils assumptions on lead-in times, lapse rates and delivery rates for sites are realistic. It is understood that the Councils have applied a 10% lapse rate in the Plymouth Policy Area (para 7.25 of Housing Topic Paper March 2017) and 15% lapse rate in the Thriving Towns & Villages Policy Area (para 7.26 Housing Topic Paper March 2017). These assumptions should be supported by parties responsible for the delivery of housing and sense checked by the Councils using historical empirical data and local knowledge.

The Joint Local Plan should identify a HLS including contingencies over the plan period which is flexible enough to respond rapidly to changing circumstances. An overall HLS of 29,808 dwellings is identified against a housing requirement of 26,700 dwellings providing flexibility of 3,108 dwellings representing a contingency of 11.6%. This HLS includes allowances for 600 dwellings in the Dartmoor National Park (Appendix 2.1 of Housing Topic Paper March 2017), student accommodation release of 225 dwellings (Appendix 7.7 of Housing Topic Paper March 2017) and a Neighbourhood Plan contribution of 720 dwellings. These allowances should be fully justified by the Councils. As the proposed housing requirement is a minimum figure it should not be treated as a ceiling therefore the Councils should confirm that the proposed contingency provides sufficient flexibility.

It is proposed that 5 YHLS is calculated for each respective Policy Area separately and any shortfall is non-transferable between Policy Areas (para 8.15 of Housing Topic Paper March 2017). However this proposal should be more clearly expressed in **Policy SPT3**. It is also suggested that the housing trajectories should be set out in the Joint Local Plan. The HBF's preferences for the calculation of 5 YHLS are the Sedgefield approach to shortfalls with 20% buffer applied to both the annualised housing requirement and any shortfall. If using these preferences there is not reasonable certainty that the Councils have a 5 YHLS in each Policy Area on adoption of the Joint Local Plan then the Plan is not sound as it would be neither effective nor consistent with national policy. Furthermore if the Joint Local Plan is not to be out of date on adoption it is critical that a 5 YHLS is achieved otherwise the *"relevant policies for the supply of housing will not be considered up to date"* (NPPF para 49).

Under the Housing White Paper's proposals it is likely that from November 2017 the Councils will be subject to the Housing Delivery Test. If further site allocations are needed 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. 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. This approach is also advocated in the Housing White Paper because a good mix of sites provides choice for consumers, allows places to grow in sustainable ways and creates opportunities to diversify the construction sector. The Councils should also consider the allocation of developable reserve sites together with an appropriate release mechanism as recommended by the LPEG Report (para 11.4 of the LPEG Report).

When more information on HLS across Plymouth & South West Devon becomes available the HBF may wish to submit further comments in written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

Development Policies

Policy DEV1 proposes that Health Impact Studies are required for major development proposals however major development is not specifically defined. In the case of residential development the Councils should specify the applicable site threshold however the HBF would consider too low a threshold as inappropriate. The NPPF makes no reference to Health Impact Assessments indeed it is the responsibility of the Council to work with public health organisations to understand and improve the health and well-being of the local population rather than the responsibility of parties making planning permission applications (para 171). It is suggested that **Policy DEV1** is modified so that the requirement for Health Impact Studies is only applicable if a significant impact has been identified.

It is also noted that **Policy DEV1** refers to a Supplementary Planning Document (SPD). This proposed SPD will not be subject to the same process of preparation, consultation and examination as the Joint Local Plan. The Regulations require that policies intended to guide the determination of applications for planning permission should be in a Plan and not inappropriately hidden in an SPD. The NPPF also indicates that SPDs should not add to the financial burden of development (para 154) and policies on local standards should be in the Plan (para 174).

Policies DEV7 & DEV8 propose affordable housing of 30% in Plymouth Policy Area on sites of 10 or more dwellings and in rural areas on sites of 6 – 10 dwellings 30% affordable housing provision as commuted sums. It is inappropriate for the affordable housing policy requirement to be expressed as a minimum percentage figure. In the rural areas it is recommended that these policies clarify that the lower site threshold is not applicable to residential developments in the parishes of Dartmouth, Ivybridge,

Kingsbridge, Totnes, Tavistock and Okehampton. Furthermore any applicable commuted sums are only payable on completion of the development as set out in the Written Ministerial Statement dated 28th November 2014.

If the Plymouth & South West Devon Joint Local Plan is to be compliant with the NPPF development should not be subject to such a scale of obligations and policy burdens that viability is threatened (paras 173 & 174). 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 for the Councils to understand and test the influence of all inputs on the residual land value as this determines whether or not land is released for development. The Harman Report highlighted that *“what ultimately matters for housing delivery is whether the value received by land owners is sufficient to persuade him or her to sell their land for development”*. The Councils viability testing is set out in Whole Plan Viability Report dated February 2017 by PBA. It is noted that any cost implications from **Policies DEV1, DEV9 and DEV29** are excluded from the calculations. The Report concludes that viability is comparatively weaker on small sites in the north of West Devon where there may be need for compromise on certain policy requirements to ensure delivery (para 9.1.1). This conclusion is not reflected in the Councils proposed affordable housing policy. The Councils should be mindful that the cumulative burden of policy requirements are not set so high that the majority of sites have to be routinely rather than exceptionally negotiated.

The Councils should also consider the Government’s proposals for Starter Homes as set out in the Housing White Paper whereby the Councils may deliver Starter Homes as part of a mixed package of affordable housing alongside other affordable home ownership and rented tenures determining the appropriate level of provision for the locality in agreement with developers.

Policy DEV9 proposes the provision of self build plots on large sites. The HBF is supportive of self-build for its additionality to housing supply via land allocation on Council owned sites and exception sites. The HBF is not supportive of a housing mix approach whereby a requirement to provide self-build plots is imposed on sites of a certain size. Such a policy approach only changes the house building delivery mechanism from one form of house building company to another without any consequential additional contribution to boosting housing supply. If these self-build plots are not developed then the Councils have effectively caused an unnecessary delay to the delivery of these homes. The Councils should also give detailed consideration to the practicalities (for example health & safety implications, working hours, length of build programme, etc.) of implementing any such a housing mix policy approach. 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. 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)”* (para 46). The Cornwall Local Plan Inspector has also commented on this issue stating *“The Council’s published change on this policy was too prescriptive in requiring larger developments to provide at least 5% of development as serviced plots*

for self build / custom-build. There is not yet the evidence to justify this level of prescription and there must be considerable uncertainty as to whether plots on large new housing estates would be attractive to self-build/custom builders.”(para 168 of Cornwall Inspector’s Final Report). If the Council wishes to promote self build it should do so on the basis of evidence of such need identified in its SHMA work as set out in the NPPG (ID 2a-021-20140306) whereby the Council should collate from reliable local information the local demand for people wishing to build their own homes. At the present time the number of entries on the Councils Self-Build and Custom Housebuilding Registers are unknown. It is not known whether or not all entries would be likely to bring forward self-build housing developments solely within the Joint Local Plan area. On this basis, there is no known demand for self-build properties within the plan area and therefore insufficient evidence to justify a policy which ‘requires’ a developer to make provision for any self-build properties. Any proposed policy should also be viability tested. The NPPG confirms that “*different types of residential development such as those wanting to build their own homes ... are funded and delivered in different ways. This should be reflected in viability assessments*” (ID 10-009-20140306).

Policy DEV9 also proposes 20% M4(2) on sites of 5 or more dwellings and 2% M4(3) on sites of 50 or more dwellings. The Written Ministerial Statement dated 25th March 2015 stated 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*”. If the Councils wish to adopt the higher optional standards for accessible & adaptable homes the Councils should only do so by applying the criteria set out in the NPPG. It is incumbent on the Councils to provide a local assessment evidencing the specific case for Plymouth & South West Devon which justifies the inclusion of optional higher standards for accessible / adaptable homes in **Policy DEV9** of the Joint Local Plan. If it had been the Government’s intention that generic statements identifying an ageing population justified adoption of the accessible & adaptable homes standards then the logical solution would have been to incorporate the M4(2) as mandatory via the Building Regulations which the Government has not done. The optional higher M4(2) standard should only be introduced on a “*need to have*” rather than a “*nice to have*” basis. Although there is evidence of an ageing population in the SHMNA having regard to the NPPG this does not amount to the justification required for the Councils to include the optional standard on 20% of new dwellings as specified in **Policy DEV9**. Furthermore the requirement for a proportion of new houses to be suitable for wheelchair users should only be included within the Joint Local Plan for dwellings over which the Councils have nomination rights as set out in the NPPG (ID: 56-009-20150327).

Bullet Point 5 of **Policy DEV10** refers to the Nationally Described Space Standards. The Written Ministerial Statement dated 25th March 2015 confirms 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*”. So if the Councils wish to adopt the nationally described space

standard the Councils should only do so by applying the criteria set out in the NPPG. The NPPG sets out that *“Where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies. Local Planning Authorities should take account of the following areas need, viability and timing”* (ID: 56-020-20150327) :-

- Need - It is incumbent on the Councils to provide a local assessment evidencing the specific case for Plymouth & South West Devon which justifies the inclusion of the nationally described space standard as a Joint Local Plan policy. If it had been the Government’s intention that generic statements justified adoption of the nationally described space standards then the logical solution would have been to incorporate the standards as mandatory via the Building Regulations which the Government has not done. The nationally described space standards should only be introduced on a “need to have” rather than a “nice to have” basis. The identification of a need for the nationally described space standard must be more than simply stating that in some cases the standard has not been met it should identify the harm caused or may be caused in the future.
- Viability - The impact on viability should be considered in particular an assessment of the cumulative impact of policy burdens. There is a direct relationship between unit size, cost per square metre, selling price per metre and affordability. The Councils cannot simply expect home buyers to absorb extra costs in a Joint Local Plan area where there exists severe affordability pressures. There is also an impact of larger dwellings on land supply. The requirement for the nationally described space standard would reduce site yields or the number of units on a site. Therefore the amount of land needed to achieve the same number of units must be increased. The efficient use of land is less because development densities have been decreased. At the same time the infrastructure and regulatory burden on fewer units per site intensifies the challenge of meeting residual land values which determines whether or not land is released for development by a willing landowner especially in lower value areas and on brownfield sites. It may also undermine delivery of affordable housing at the same time as pushing additional families into affordable housing need because they can no longer afford to buy a nationally described space standard compliant home. The Councils should undertake an assessment of these impacts.
- Timing - The Councils should take into consideration any adverse effects on delivery rates of sites included in the housing trajectory. The delivery rates on many sites will be predicated on market affordability at relevant price points of units and maximising absorption rates. An adverse impact on the affordability of starter home / first time buyer products may translate into reduced or slower delivery rates. As a consequence the Councils should put forward proposals for transitional arrangements. The land deals underpinning the majority of identified sites will have been secured prior to any proposed introduction of nationally described space standards. These sites should be allowed to move through the planning system before any proposed policy

requirements are enforced. The nationally described space standards should not be applied to any outline or detailed approval prior to the specified date and any reserved matters applications should not be subject to the nationally described space standards.

Policy DEV29 proposes that deficiencies in green space are addressed in developments. However it is not the responsibility of new development to address existing deficiencies. Furthermore the cost implications of this policy have not been included in the Councils whole plan viability testing. This requirement should be deleted from **Policy DEV29**.

The HBF concurs with the energy hierarchy set out in Bullet Point 3 of **Policy DEV34** whereby the starting point for the reduction of energy consumption is energy reduction, energy efficiency, renewable energy and then finally low carbon energy. The emphasis at the beginning should be on a 'fabric first' approach which by improving fabric specification increases thermal efficiency and so reduces heating and electricity usage. However the requirement for connection to district energy networks (Bullet Point 6) and the incorporation of low carbon or renewable energy generation to achieve carbon emissions levels 20% less than Building Regulations (Bullet Point 5) are not supported. It is HBF's opinion that future energy emissions from new housing development should be implemented through the Building Regulations. The Councils proposals in Bullet Points 5 & 6 are too prescriptive and onerous these requirement should be deleted from **Policy DEV34**.

Conclusions

For the Plymouth & South West Devon Joint Local Plan to be found sound under the four tests of soundness as defined by the NPPF the Plan should be positively prepared, justified, effective and consistent with national policy (para 182). The pre submission Plan is unsound because of :-

- an under estimation of OAHN in particular no uplifts for affordable housing delivery or economic led growth ;
- lack of information on overall HLS, 5 YHLS and housing trajectories ;
- no justification for policy requirements set out in **Policies DEV1, DEV7, DEV8, DEV9, DEV10, DEV29** and **DEV34**.

The Joint Local Plan is not compliant with national policy. It is not positively prepared and properly justified meaning it will be ineffective. It is hoped that these comments are of assistance to the three Councils in preparing the next stages of the Plymouth & South West Devon Joint Local 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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