



South East Lincolnshire Local Plan
South Holland District Council
Priory Road
Spalding
Lincolnshire
PE11 2XE

SENT BY E-MAIL AND POST

22nd May 2017

Dear Sir / Madam

SOUTH EAST LINCOLNSHIRE PRE SUBMISSION LOCAL PLAN 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 representations and appear at future Examination Hearing Sessions to discuss these matters in greater detail.

Duty to Co-operate

The Duty to Co-operate (S110 of the Localism Act 2011 which introduced S33A into the 2004 Act) requires the Council to co-operate with other prescribed bodies to maximise the effectiveness of plan making by constructive, active and on-going engagement. The high level principles associated with the Duty are set out in the National Planning Policy Framework (NPPF) (paras 156, 178 – 181) and in twenty three separate paragraphs of the National Planning Practice Guidance (NPPG). In determining if the Duty has been satisfactorily discharged it is important to consider the outcomes arising from the process of co-operation and the influence of these outcomes on the Local Plan. One of the required outcomes 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 (NPPF para 182).

The HBF commends the two authorities of Boston Borough Council and South Holland District Council for coming together to produce a joint South East Lincolnshire Local Plan for the plan period 2011 – 2036.

The joint plan area is bordered by seven neighbouring authorities of East Lindsey, North Kesteven, South Kesteven, Fenland and King's Lynn & West Norfolk District Councils as well as City of Peterborough Council. It is noted that the two authorities comprise two separate HMAs with Boston described as its own HMA and South Holland forming part of the Peterborough sub region HMA together with Peterborough, Rutland and South Kesteven Councils. The HBF has reservations about whether or not Boston is its own self-contained HMA as a local authority administrative area rarely functions in isolation. Indeed the Duty to Co-operate Statement dated February 2017 identifies notable links between Boston and East Lindsey (also defined as its own District wide HMA).

It is understood that the Peterborough sub region HMA authorities have signed a Memorandum of Understanding setting out an agreed position on OAHN as calculated in the Peterborough HMA & Boston BC SHMA Update Final Report dated March 2017 by J G Consulting. The Peterborough HMA OAHN is agreed as 2,209 dwellings per annum sub divided as 981 dwellings per annum in Peterborough, 159 dwellings per annum in Rutland, 445 dwellings per annum in South Holland and 624 dwellings per annum in South Kesteven which will be met by each individual authority respectively within its own administrative area.

The Duty to Co-operate Statement dated February 2017 also includes confirmation that the neighbouring authorities of East Lindsey, Central Lincolnshire, Kings Lynn & West Norfolk and Fenlands will meet their own OAHN in full without recourse to any assistance to meet unmet needs in South East Lincolnshire. The South East Lincolnshire authorities have responded with a reciprocal confirmation concerning the meeting of their housing needs. However by the time of the South East Lincolnshire 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

The original OAHN calculation was set out in two separate reports namely :-

- Peterborough sub regional SHMA Update October 2015 by G L Hearn ;
- Boston Borough SHMA Assessment Final Report July 2015 by JG Consulting.

Subsequently this original work is up dated in the Peterborough HMA & Boston BC SHMA Update Final Report dated March 2017 by J G Consulting. The updated Report identifies an OAHN of 7,550 dwellings (302 dwellings per annum) for Boston Borough Council and 11,125 dwellings (445 dwellings per annum) for South Holland District Council for the plan period 2011 – 2036 which represents an increase from the housing requirement figures set out in the Draft Joint Local Plan. These figures are set out in **Policy 10** as a housing requirement of at least 18,675 dwellings (745 dwellings per annum) for South East Lincolnshire and divided between the Council's into individual respective housing requirements.

The latest OAHN calculation is summarised as :-

- 2014 Sub National Household Projections (SNHP) multiplied by a vacancy rate of 1.9% in South Holland and 1.6% in Boston equal to 574 dwellings per annum (345 dwellings per annum in South Holland and 229 dwellings per annum in Boston) ;
- 10 year migration trend adjustment to 714 dwellings per annum (433 dwellings per annum in South Holland and 281 dwellings per annum in Boston) ;
- A market signal adjustment to 740 dwellings per annum (445 dwellings per annum in South Holland and 295 dwellings per annum in Boston) because of an increase in concealed households ;
- No economic growth led adjustment ;
- No adjustment to deliver affordable housing needs identified as 282 dwellings per annum in South Holland and 263 dwellings per annum in Boston.

As previously commented upon the Councils assessment of OAHN sets out a reasonable demographic starting point of 714 dwellings per annum. However the modest market signal adjustment and no uplifts for economic growth and delivery of affordable housing potentially under-estimate housing needs.

The HBF disputes comments made by the Councils concerning the extent of the proposed uplifts above demographic starting points. With regard to affordability and worsening market signals it is noted that overcrowding (para 5.31) as well as concealed households (para 5.33) has increased. The house price to income ratio in both authorities is worse than England. Therefore the HBF question if the adjustment of 26 dwellings per annum (equivalent to only 3.6%) is sufficient to address worsening market signals. As set out in the NPPG the more significant the affordability constraints then the larger the improvement in affordability needed (ID 2a-020-20140306).

It is also noted that forecasted economic growth is particularly strong in South Holland (para 3.22) the lack of any economic growth adjustment should not frustrate future jobs led growth.

The use of 100 dwellings per annum affordable housing need for Boston in **Policy 15** is misleading. The Councils latest evidence shows net affordable housing need of 263 dwellings per annum (Figure 4.7). The Councils

evidence also shows that affordable housing need in Boston is worsening with an increase of +13 dwellings per annum since the previous SHMA Report in 2015. It is inappropriate to lower the affordable housing need figure because some households in need live in the private rented sector. The affordable housing figure for Boston is 263 affordable dwellings per annum representing 89% of its OAHN figure rather than 33% stated in **Policy 15**. Therefore there is an argument for increasing total housing figures included in the Local Plan if it could help deliver the required number of affordable homes as set out in the NPPG (ID 2a-029-20140306).

This potential under-estimation is illustrated by the Councils alternative OAHN using the proposed standard methodology recommended in the Local Plans Expert Group (LPEG) Report contained in Appendix 3 of the Councils latest evidence which shows a higher OAHN of 902 dwellings per annum. This higher OAHN calculation comprises :-

- Demographic starting point of 745 dwellings per annum (448 dwellings in South Holland (+15 dwellings per annum above Councils OAHN) and 297 dwellings per annum in Boston (+16 dwellings per annum above Councils OAHN)) ;
- Market signals adjustment to 820 dwellings per annum (493 dwellings per annum in South Holland (+48 dwellings per annum above Councils OAHN) and 327 dwellings per annum (+32 dwellings per annum above Councils OAHN) in Boston) ;
- Affordable housing delivery adjustment to 902 dwellings per annum (542 dwellings per annum in South Holland (+97 dwellings per annum above Councils OAHN) and 360 dwellings per annum (+65 dwellings per annum above Councils OAHN) in Boston).

The LPEG calculation excludes any adjustments for jobs led forecasts but as the overall figure is higher it is unlikely to restrict future economic growth.

Although the HBF supports the proposed housing requirement increasing from 696 dwellings per annum proposed in the Preferred Options consultation to 730 dwellings per annum in the Draft Plan to 740 dwellings per annum in the pre submission Plan for the reasons set out above it is evident that 740 dwellings per annum may still under-estimate OAHN. The LPEG methodology compliant OAHN is higher at 902 dwellings per annum. As highlighted by the recently published Housing White Paper 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 South East Lincolnshire 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 may be the baseline against which 5 YHLS and the 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). 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

South East Lincolnshire in written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

Housing Land Supply (HLS)

Policy 2 sets out the spatial strategy based on a five tiered structure which is summarised as :-

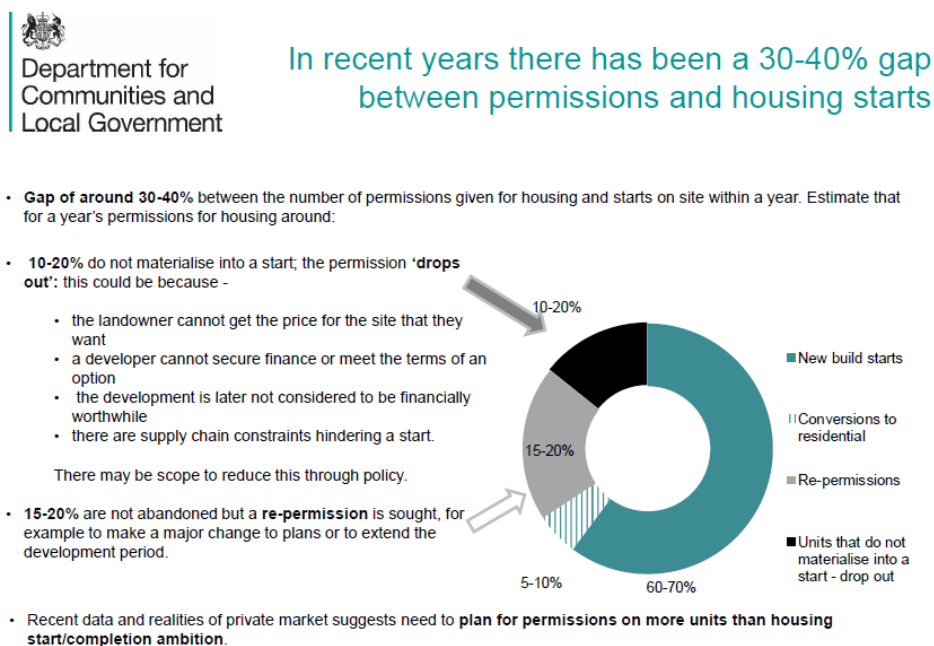
- Sub regional centres of Boston and Spalding (proposed development of 5,900 dwellings and 5,255 dwellings respectively) ;
- 9 named Main Service Centres (proposed dispersed development of 5,330 dwellings) ;
- 19 named Minor Service Centres (proposed areas of limited development of 2,140 dwellings) ;
- 43 named Other Service Centres & Settlements (proposed areas of restricted development) ;
- Countryside (proposed restricted development).

Policy 2 also determines proposed settlement boundaries and **Policy 11** sets out the proposed distribution by settlement. It is noted that the proposed settlement boundaries (**Policy 2**) are contiguous with the existing permissions and proposed site allocations but are tightly drawn around each settlement. It is incumbent on the Councils to demonstrate that capacity within the settlement boundaries is sufficient to satisfactorily accommodate the minimum housing requirement. Moreover in the future the Councils may not be able to rely on as many windfall sites because most sites are identified in the SHLAA and the restrictions imposed by the proposed tight settlement boundaries. **Policy 12** Vernatts (in Spalding) Sustainable Urban Extension (SUE) allocates 4,000 dwellings of which 1,000 dwellings are within the Joint Local Plan plan period (Phases 1 & 2). The remaining 3,000 dwellings are anticipated for delivery beyond the plan period. **Policy 13** Holbech West SUE allocates 900 dwellings of which 750 dwellings are proposed for delivery in the plan period.

It is noted that 60% of proposed housing allocations are in Boston and Spalding. It is important that the Councils proposed housing distribution recognises the difficulties facing rural communities in particular housing supply and affordability issues. The NPPG emphasises that all settlements can play a role in delivering sustainable development so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided. One of the core planning principles of the NPPF is to *“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) and *“to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities”* (para 55). The proposed distribution of housing should meet the housing needs of both urban and rural communities.

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. These assumptions should be supported by parties responsible for delivery of housing and sense checked by the Councils using historical empirical data and local knowledge.

The proposed overall HLS is 18,625 dwellings which is 50 dwellings less than the housing requirement. Therefore there is no contingency in the proposed HLS. Since the proposed housing requirement is a minimum figure it should not be treated as a maximum ceiling to restrict overall HLS and prevent sustainable development from coming forward. The Councils are referred to the DCLG presentation slide from the HBF Planning Conference September 2015 (see below). 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*”. It is acknowledged that this presentation slide shows generic percentages across England but it provides an indication of the level of flexibility within the overall HLS that the Councils should be providing.



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

It is noted that 5 YHLS will be calculated separately for each authority. The Housing Implementation Strategy dated March 2017 includes the Council's latest 5 YHLS calculations. The calculations are based on a Liverpool approach to shortfalls and a 20% buffer. Using this as the basis for 5 YHLS calculation Boston has 6.9 years supply and South Holland has 7.7 years supply. However the HBF's preferences for the calculation of 5 YHLS are the Sedgfield approach to shortfalls as set out in the NPPG (ID 3-035-20140306) with a 20% buffer applied to both the annualised housing requirement and any

shortfall. The Councils should provide a re-calculation on this basis. The Councils should be doing everything possible to deliver previous housing shortfalls as soon as possible. This is not just a mathematical calculation but represents households in need of housing. It is also suggested that the housing trajectories should be set out in the Joint Local Plan.

Under the Housing White Paper a Housing Delivery Test is proposed. On evidence of past completions as set out in the Housing Implementation Strategy dated March 2017 (Table 2) the Councils would fail the Government's proposed Housing Delivery Test. If further site allocations are needed because of an increase in the housing requirement, provision of HLS contingency and / or demonstration of 5 YHLS on adoption then 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. The LPEG Report proposed 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).

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

Other Housing Policies & Viability

Policy 15 proposes on sites of 11 or more dwellings 20% affordable housing provision in Boston and 25% in South Holland subject to viability. If the South East Lincolnshire 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 latest viability testing evidence is set out in Whole Plan Viability Report dated January 2017 by PBA. However the evidence is difficult to decipher giving the impression that it is incomplete and inconclusive. The Report demonstrates that viability varies between Boston and South Holland so different policy approaches are necessary. The findings show that policy trade-offs are required between affordable housing provision and infrastructure as delivery of Spalding Western Relief Road and Boston Distributor Road are priorities. The Report sets out required Section 106 contributions for the SUEs and generic sites in South Holland and Boston. However the Tables in the Appendices do not show any results based on both the required S106 payments and the proposed percentage of affordable housing provision. Table B19 for South Holland shows 25% affordable housing provision but S106 payments of only £4,000 for a generic site (£500 - £1,000 less than the required S106 sum) and £3,000 for a SUE (£1,000 - £2,000 less than the required S106 sum). Furthermore it is not clear if the density of 35 dwellings per hectare is compliant with the housing mix and house size requirements of **Policy 14**. Table B17 for Boston also shows lower S106 payment sums. Nevertheless even with these assumption anomalies the evidence shows that brownfield sites in South Holland are unviable whilst rural greenfield sites, large brownfield sites, apartment developments and SUEs in Boston are unviable. The Councils should be mindful that the cumulative burden of policy requirements are not set so high that the majority of sites are only deliverable if these sites are routinely rather than occasionally negotiated on the grounds of viability.

In **Policy 15** the proposed affordable housing tenure mix of 75% affordable rent in Boston / 70% affordable rent in South Holland and 25% intermediate in Boston / 30% intermediate in South Holland is prescriptive. The Councils should 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. The latest Report identified potential demand for 126 starter homes per annum in South Holland and 90 starter homes per annum in Boston.

There is also concern that the floor space assumptions (para 4.3.15) are not the nationally described space standards. Any impact from the housing mix of **Policy 14** on the density assumption of 35 dwellings per hectare should be taken into account in the Councils viability testing. The proposals in **Policy 14** for sites of 10 or more dwellings is overly prescriptive on the mix of both market and affordable housing. It is suggested that the word "size" is deleted from the policy.

The text in para 5.5.2 is not clear. The Councils should clarify the meaning of "*Outside Building Regulations LPA will advise developers to, at least, meet the minimum space standards in national guidance*". It is the HBF's opinion that this paragraph is deleted. 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". 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 South East Lincolnshire 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.

If the Councils modify **Policies 14** and **15** the HBF may make further comments in Hearing Statements and orally at the Examination Hearing Sessions.

Conclusion

For the South East Lincolnshire Local Plan to be found sound under the four tests of soundness as defined by the NPPF (para 182), the Plan should be positively prepared, justified, effective and consistent with national policy.

The pre submission Plan is unsound because of :-

- the potential under-estimation of OAHN resulting in a housing requirement which is too low ;
- the overall HLS is less than the housing requirement providing no contingencies ;
- the 5 YHLS should be re-calculated on a Sedgefield rather than Liverpool approach to recouping past housing shortfalls as soon as possible ;
- an unviable affordable housing policy which is not supported by the Councils own viability testing evidence ;
- a lack of clarity on housing space standards for which if sought as a policy requirement there is no justification in the supporting evidence.

Therefore the Joint Local Plan is inconsistent with national policy. It is not positively prepared or properly justified meaning it will be ineffective. It is hoped that these representations are of assistance to the Councils in preparing the next stages of the South East Lincolnshire 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**



Susan E Green MRTPI
Planning Manager – Local Plans