

Sent by email to: localplan@centralbedfordshire.gov.uk

29/08/2017

Dear Sir/ Madam

Response by the House Builders Federation to the Central Bedfordshire Local Plan

Thank you for consulting the Home Builders Federation (HBF) on the Central Bedfordshire Draft Local Plan. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

Duty to co-operate

We are pleased to see that the Council have agreed to deliver an additional 7,400 new homes in order to meet a proportion of Luton's unmet housing needs. However, we would have expected more detail as to the degree to which this is meeting the shortfall arising within Luton, the proportion of this unmet need that Central Bedfordshire are taking and how any remaining unmet need is being distributed across other authorities. The main modifications to the Luton Local Plan have set out that Luton BC expect there to be a shortfall of 9,300 homes over the course of their plan. To ensure effective monitoring of delivery across the HMA it would therefore be helpful for detailed information to be clearly set out in the Central Bedfordshire Local Plan as to how this unmet need will be delivered. Such information is essential given that the latest SHMA now postdates the Luton Local Plan creating additional uncertainty as to the amount of unmet need in the HMA. Consideration should therefore be given to including in policy how the Council's will work together should there be further shortfalls arising from the delivery of Luton's plan. It is important that under performance is considered across the HMA and not isolated in each area. This is especially important where HMAs include Boroughs, such as Luton, that are tightly constrained.

Alongside formal agreements with Luton we would have also expected more detailed consideration as to how the Council will work with other neighbouring authorities on key strategic and cross boundary issues. The SHMA indicates that Central Bedfordshire has links with the Milton Keynes, Bedford and Stevenage HMAs and it is essential that consideration is given as to how the Council works with these authorities on cross border matters such as housing and infrastructure delivery. In particular the Council should establish whether authorities such as Milton Keynes can meet their housing needs. If they cannot it will require authorities such as Central Bedfordshire, which have

overlapping housing market areas and fewer constraints, to increase delivery accordingly. The need for co-operation beyond the Luton HMA is even greater given the proposed Cambridge, Milton Keynes and Oxford Growth Corridor will impact on Central Bedfordshire such co-operation is essential to ensure the needs of this key economic growth area are realised. The Council must ensure that its duty to co-operate activities extend much wider if it is to show that it meet this key element of plan preparation.

It will also be vital that the Council engages fully with the GLA on the issue of London's unmet need given the links between the Capital and Luton HMA. There are clear commuting links between the HMA and the capital that need to be considered that impact should London continue to under deliver against its own housing needs. There is a need for greater co-operation with London on these matters given the potential shortfall in housing delivery being experienced in the Capital at present with supply expectations of 42,000 dwellings per annum (dpa) being significantly below the Mayor's lowest assessment of need at 49,000 dpa. However, even 42,000 dpa may be unachievable given the latest monitoring report published by the GLA indicates delivery of conventional housing (self-contained flat and houses) for the 2015/16 period as being 32,919.

Housing Needs

The Council's latest Strategic Housing Market Assessment published in May 2017 concludes that the Objectively Assessed Housing Needs (OAHN) for the Borough are 31,778 between 2015 and 2035 (1589 dwellings per annum). However, we are concerned that this is significantly below the CLG household projections of 34,587 and that the Council are constraining delivery through their assessment of housing needs. Our particular concerns with regard to the approach taken by the Council in assessing housing needs are:

- that the Council have looked to amend the demographic starting point to take account of the Un-attributable Population Change (UPC),
- The limited uplift following consideration of the market signals
- A confused position regarding market uplifts and concealed/homeless households
- No consideration with regard to changing migration patterns with London

Demographic starting point

The SHMA proposes that local circumstances should be taken into account in relation to the demographic starting point for the calculation of OAHN and argues that population growth has been significantly lower than current estimates as a result of un-attributable population change in the census period. The Office for National Statistics have set out their reasons for not adjusting either the 2012 projections to take account of UPC as it could not be demonstrated that this measured a bias in the trend data that will continue in the future¹. They also outline that the effect of UPC on the 2014 based

¹ 2014-based Subnational Population Projections: Question and Answers – ONS (www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/2012basedsubnationalpopulationprojectionsquestionsandanswers)

data would be even less given that there are three years of trend data that are not affected by UPC. Despite the ONS not giving consideration to UPC the SHMA suggests that school census data, pension's data and NHS registrations show that population increases have been slower than the estimates suggested in the SNPP for the period between 2011 and 2015. Whilst reasonable to consider other sources of data we are concerned that the report does not consider the limitations of this data. Errors in patient registers, delays in patient registration and patients registering with private practices would all reduce the numbers on these registers. The 2,500 difference in population between the two data sets is less than 1% of those registered on the patient register and it is not unreasonable to consider that the limitations of the register could lead to the limited differential between the two datasets. As such there would seem little reason to move away from the DCLG household projections on the basis of this evidence.

We also note that the SHMA "favours" the use of a 10 year trend in relation to assessing the impacts of migration on population growth within the HMA. The argument set out to support this position is based on preference rather than evidence. Interestingly the SHMA references the fact that a five year trends used in the 2012 based projections were considered to be unduly affected by the recession in 2008. Given that we are now nearly 10 years on from the recession it is only the longer term trend that would take into account the particular migratory patterns resulting from the global financial crisis. PPG is clear that any decision to move away from the official projections should be justified and given the limited evidence provided in the SHMA we do not consider the move to a ten year trend to be justified.

We therefore consider the only suitable approach is to use the 2014 based household projections when assessing the housing needs of Central Bedfordshire. This dataset provides a robust consideration of a wide range of evidence, including patient registers and as such should be considered the only appropriate demographic starting point for assessing housing needs in this HMA. A move away from the SNPP and DCLG household projections has not been justified by the Council and could significantly underestimate housing needs leading to a plan that delivers insufficient land for the number of homes required.

Market signals

Given the market signals identified in the SHMA we do not consider a 10% uplift to be sufficient. Central Bedfordshire has a significant problem with the affordability of market housing in the area with the ratio of lower quartile house prices to lower quartile income being 9.7 and the average lower quartile house price being nearly £34,000 more expensive than in Luton. Elsewhere in the wider south east similar evidence has led to uplifts of 20% or more and in line with the Local Plan Expert Group who suggested that where housing affordability ratio were above 8.7 then a 25-30% uplift would be appropriate. We would consider an uplift of at least 20% for Central Bedfordshire would be consistent with the evidence set out in the SHMA.

Concealed and homeless households

In paragraph 4.78 of the SHMA it states that the addition of concealed and homeless households to the demographic starting point should be considered as part of the market signals uplift. This seems to misunderstand the purpose of the market signals uplift and amendments to take account of demographic considerations. It would seem that the consultants preparing the SHMA consider the projections used to calculate the number of households from population growth have not taken account of concealed or homeless households. This position would seem to be supported by paragraph 3.113 of the SHMA which states: *“This analysis has identified the need to increase the overall housing need by 1863 household to take account of concealed families and households that **would not be captured by household projections**”* (our emphasis). As such there is a need to ensure that these are included in the demographic assessments of housing need.

Market signals however are indicators as to whether there is an under supply of housing in general that needs to be addressed by providing more new homes. The number of concealed homes is just one indicator alongside affordability, land values, house prices, rents and rate of development. In considering any uplift the Council should take account of these market signals and provide an uplift on the demographic assessment of need. As the adjustment for concealed households is being made to take account of a demographic consideration then this should not be subtracted from the market signals uplift. Whilst the approach taken by the Council has only reduced the uplift from 10% to 9% we consider it important to ensure that the demographic elements of OAN are kept separate from the market signals uplift.

Housing delivery

The spatial strategy set out at paragraph 7.5.1 does not make specific reference to the minimum number of homes that the Council will deliver for the whole plan period. In setting out a delivery range there can be no certainty as to what the Council's intentions are in relation to housing delivery. Even with the more detailed summary provided in table 7.2 it is not clear what is the Council's actual housing requirement for the plan period. Whilst seeking to deliver sites that will provide homes above its housing requirement is a sensible approach, given the potential for unforeseen delays, unless the Council has a definitive requirement in the plan for housing delivery it will be impossible to monitor the plan and assess whether or not the Council has a five year housing land supply. The Council must provide in the Spatial Strategy policy a single figure, which includes any unmet needs from Luton that it will seek to deliver for the period of the plan.

Housing boost

Whilst we are pleased to see the Council is looking to provide certainty in the delivery of new homes in order to secure more consistent provision we question the use of legal agreements as the best approach to achieve this aim. We would suggest that such agreements are undertaken through a condition on the grant of planning permission. However, we are also concerned that at paragraph 8.3.2 the Council is looking at policies that would seek to circumvent the presumption in favour of sustainable development when supply is low. This would appear to be an attempt by the authority to

prevent paragraph 49 of the NPPF from being applied should it not be able to show there is a five year supply of housing land. We cannot see how any such policy would boost supply as it would remove a key consequence for the Council should it not provide sufficient sites that are required to support the delivery of their housing requirement. If the Council wants to ensure certainty for communities in the delivery of housing then it should seek to allocate sufficient sustainable sites to meet housing needs and where possible safeguard sites for future needs.

Housing Standards

Planning Practice Guidance requires evidence on both needs and viability before the optional technical standards for housing are implemented and we are concerned that insufficient viability testing has been undertaken with regard to these standards. In particular we are concerned with the approach assessing the impact of accessibility standards on viability. The Council has not looked to set the proportion of new homes it expects to see delivered to the optional accessibility but rather suggests that the proportion homes meeting these higher standards will be negotiated on an application by application basis. If the Council wishes to implement these optional standards it must set out in policy the proportion of homes required to meet these standards and have the evidence to support this as required in PPG. This will allow proper and effective viability testing of the plan as required by the NPPF. Until this is undertaken the Council's policies on affordable housing as well as housing standards cannot be considered sound. The NPPF is also clear that Local Plans and the policies they contain must provide a practical framework that support predictable and efficient decision making. At present this policy does not support this approach creating uncertainty for both the decision maker and the applicant as to how optional standards should be addressed.

Affordable housing

We have a number of concerns regarding policy H4 on Affordable Housing. Firstly the viability study does not appear to have considered the implications of policies H2 and H3 and the cost of providing homes to the higher optional standard for accessibility and impact of having to deliver bungalows, level access housing and low density flatted developments for older people on developments of more than 100 dwellings. Both these policies will have an impact on the viability of housing development whether through increased build costs or increased land costs due to requiring low density development. The delivery of bungalows in particular could have a significant impact on the amount of land required to support a development and must be considered as part of the viability study.

Secondly this policy outlines that should future iterations of the SHMA indicate that the need for affordable housing has changed then a new requirement for affordable homes expected from development will be applied. This would be wholly inappropriate. To change the proportion of affordable homes required from new development can only be done through a review of the Local Plan. This would require the necessary consultations and an examination in public to ensure that the new policy and supporting evidence was sound. The second sentence of policy H4 is therefore ineffective as it is not legally possible to achieve and must be deleted. If the Council wishes to make

amendments in future it should set out a timetable for a review or provide details of the formal triggers relating to delivery that will lead to the review of specific policies or the whole plan.

Finally, the Council needs to set out in policy H4 that where the costs of affordable housing make a development unviable then it will seek to reduce or remove these payments. This is essential as viability testing is a broad-brush and generic assessment and cannot anticipate the site specific costs that may arise leading to a development being unable to deliver 30% affordable housing provision on site. We would suggest the following amendment to the first sentence of policy H4: "... will provide, *where viable*, 30% affordable housing."

Housing for older people

Policy H3 requires all developments of over 100 homes to provide either bungalows, level access accommodation or low density flats. However, the policy gives no indication as to the number of homes that should be provided. The approach taken provides no certainty to developer or decision maker as to what is appropriate and as such is not in conformity with paragraph 17 of the NPPF. In addition no consideration has been given to the impact on viability of this policy nor how it interacts with the optional standard on accessibility.

Self and custom build housing

The Council must test the impact of this policy on the viability of development. The cost of providing serviced plots for self and custom house builders will have an impact on the viability of development and especially small sites. The potential return for a developer on land value from a serviced plot is not going to be the equivalent of a market home and as such must be included in any assessment of the local plan's viability.

Health Impact Assessments

We recognise the importance of ensuring new development supports the wider aims of local authorities and their partners to improve the health and well-being of their residents and workforce. However, the requirement for all applications that meet an, as yet unspecified, threshold to undertake a Health Impact Assessment (HIA) is unnecessary and an additional burden on applicants. The PPG sets out that HIAs "*may be a useful tool to use where there is expected to be significant impacts*" but it also outlines the importance of the local plan in considering the wider health issues in an area and ensuring policies respond to these. As such Local Plans should already have considered the impact of development on the health and well-being of their communities and set out policies to address any concerns. As such where a development is in line with policies in the local plan an HIA should not be necessary. Only where there is a departure from the plan should the Council consider requiring an HIA.

We trust that these issues will be considered carefully by the Council and look forward to further consultation on the next iteration of the Local Plan. I would also like to be

placed on your consultee database and receive updates on any further consultations with regard to the emerging Local Plan.

Yours faithfully

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