



Planning Policy
Oadby & Wigston Borough Council
Council Offices
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Leicestershire
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SENT BY E-MAIL AND POST

18th December 2017

Dear Sir / Madam

OADBY & WIGSTON 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 Borough is entirely within the Leicester Principal Urban Area (PUA) and is bordered by three neighbouring authorities of Leicester City Council, Blaby and Harborough District Councils. It has been determined that Oadby & Wigston Borough Council is a constituent part of the Leicester & Leicestershire HMA together with Leicester City Council, Blaby, Charnwood, Hinckley & Bosworth, North West Leicestershire, Melton and Harborough District Councils. The Leicester & Leicestershire HEDNA 2017 identifies an OAHN for the HMA of 4,829 dwellings per annum between 2011 – 2031 or 4,716 dwellings per annum between 2011 – 2036.

It is understood that Leicester City Council and Oadby & Wigston District Council have both formally written to other HMA authorities declaring unmet needs amounting to as at February 2017 a shortfall of 8,834 dwellings up to 2031 in Leicester and as at March 2017 161 dwellings up to 2031 or 1,076 dwellings up to 2036 in Oadby & Wigston. Although the Council now states in the pre submission Local Plan that its own needs will be met in full. The Council should clarify whether or not the Borough's own OAHN will be met in full before the Local Plan is submitted for examination.

Currently there is no Duty to Co-operate Statement. It is understood that a Statement of Co-operation and Memorandum of Understanding (MoU) will be prepared and signed by the HMA authorities (see para 1.5.3) but the absence of such documents at the time of the pre submission consultation is a serious omission. It could be considered that the Council has co-operated on an ongoing basis with its neighbouring authorities in the Leicester & Leicestershire HMA thereby complying with the legal requirements of the Duty the outcomes from that process in particular meeting unmet needs in the HMA are not yet concluded which is an unsound basis on which to prepare a Local Plan. The Local Plan should be based on a strategy which seeks to meet OAHN (para 182) based on evidence (para 47) with emphasis on joint working on cross boundary issues where housing needs cannot be wholly met within individual Council administrative areas (para 178 – 181). As the Oadby & Wigston Local Plan has been prepared within a context of uncertainties this should be considered an unsound basis for plan making because the Plan cannot be positively prepared, effective or consistent with national policy. Whilst there are benefits for development management purposes of having an adopted Local Plan these benefits should not outweigh the requirements for a sound Plan. The approach of deferring into the future via Local Plan Reviews the solution to identified unmet housing needs should not be condoned. These are not just arbitrary numbers but represent households in need of housing now which should not be ignored and “kicked into the long grass”.

It is also understood that the HMA authorities and Local Enterprise Partnership (LEP) are working on a non-statutory Leicester & Leicestershire Strategic Growth Plan on which a consultation was expected in summer 2017 (now overdue). This Plan will set out in broad terms the amount and location of housing, economic and infrastructure growth until 2050. It is proposed that this strategic framework will be taken into account by Local Plans which will include an agreed spatial distribution, a housing land strategy to boost the speed of housing delivery and a refresh of the Strategic Economic Plan (SEP)

incorporating the Midlands Engine for Growth proposals. The precise relationship between the Local Plan and this non-statutory document is not clear.

By the time of the Local Plan Examination a Statement of Common Ground explaining cross boundary working as proposed in the recently published Housing White Paper (HWP) “*Fixing The Broken Housing Market*” and “*The Right Homes in the Right Places*” consultation may be required. If a Statement of Common Ground is prepared the HBF may wish to submit further comments on the Council’s legal compliance with the Duty to Co-operate and any implications for the soundness of the Local Plan in further written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

Local Plan Review

Paragraph 1.5.5 proposes a review of the Local Plan but this commitment is not set out in Policy. As currently worded the HBF is concerned that this text is not a firm policy commitment to an early review. There is no specified timescale for review. There is always the concern that a Council will not deliver in a timely manner on its commitment to an early review even if set out in a Local Plan policy. It is suggested that the any commitment is set out in Policy including a specific timetable for the commencement (within 3 months of adoption) and submission for Examination (within 2 years). Such a Policy will ensure consistency with the North West Leicestershire Local Plan which also dealt with the same issue of unmet needs in the Leicester & Leicestershire HMA and was modified accordingly in its recently concluded Examination.

The final version of the MoU anticipated to be signed in January 2018 should set out the declared unmet housing needs in the Leicester & Leicestershire HMA together with the proposed re-distribution of these unmet needs. This should be set out in the Local Plan Review Policy.

It is also known that an early review is not the optimum policy mechanism by which to resolve unmet housing need because of the slow response time of such reviews. Therefore ahead of any early review the Council should provide a greater contingency within its overall Housing Land Supply (HLS) together with reserve sites subject to appropriate release mechanisms to give additional flexibility and speed to meeting these identified unmet housing needs.

OAHN and Housing Requirement

As set out in the NPPF the Council should be proactively supporting sustainable development to deliver the homes needed by identifying and then meeting housing needs (para 17) in particular the Council should be significantly boosting the supply of housing (para 47). The Council should ensure that the assessment of and strategies for housing, employment and other uses are integrated taking full account of market and economic signals (para 158). The Council should use its evidence base to ensure that the Plan

meets in full OAHN as far as consistent with the framework including identifying key sites critical to the delivery of the housing strategy over the plan period (para 47).

The NPPG advises that housing need should be assessed in relation to the relevant functional area known as the HMA (ID 2a-008). An OAHN should be unconstrained (ID 2a-004) and strongly recommends the use of its standard methodology (ID 2a-005). This methodology is a three stage process comprising :-

- Demographic based on past population change and household formation rates (HFR) (ID 2a-015 – 017) ;
- Economic to accommodate and not jeopardise future job growth (ID 2a-018) ;
- Market signals to consider undersupply relative to demand (ID 2a-019 & 020) ;
- Affordable housing need is separately assessed (ID 2a-022 – 028) but delivery of affordable housing can be a consideration for increasing planned housing provision (ID 2a-029).

The Council's latest OAHN calculation is set out in Leicester & Leicestershire HEDNA 2017. This Report identifies an OAHN for Oadby & Wigston of 2,960 dwellings (148 dwellings per annum) for the plan period 2011 – 2031. This OAHN comprises of :-

- A demographic starting point of 123 dwellings per annum using 2014 Sub National Population / Household Projections (SNPP/SNHP) plus 10 year migration trend adjustment multiplied by a vacancy rate ;
- 148 dwellings per annum after a market signal adjustment of +25 dwellings per annum. It is noted that Oadby & Wigston has an affordability ratio of 7.7 which within the HMA is second highest after Harborough. As set out in the NPPG the more significant the affordability constraints then the larger the improvement in affordability needed (ID 2a-020). The adjustment of +25 dwellings per annum represents a 20% market signal adjustment.

At the HMA level there is no economic growth led adjustment to OAHN because the demographic projections plus market signal adjustment exceed economic led forecasts. Previously at the North West Leicestershire Local Plan Examination the HBF and other parties criticised the HEDNA's approach of no adjustment to support economic growth. There is a genuine concern that the HEDNA does not positively support economic growth in the HMA.

The Councils latest evidence shows a net affordable housing need of 143 dwellings per annum which is the same figure as the Borough's total OAHN. However the proposed housing requirement disregards this significant affordable housing need and there is no further increase in the total housing requirement to help deliver affordable homes as set out in the NPPG (ID 2a-029). It is acknowledged that the Council may not be able to meet full affordable housing needs because to seek to deliver all identified affordable

housing need as a proportion of market housing may result in an unrealistic and undeliverable position however it does not necessarily mean that some increased provision could not be achieved. The Council has not adequately considered the scope for additional housing over and above OAHN to make a contribution towards meeting affordable housing need.

The housing requirement of at least 2,960 dwellings (148 dwellings per annum) for the plan period 2011 – 2031 set out in **Policy 2** also excludes any contribution to meeting declared quantified unmet housing needs from elsewhere in the Leicester & Leicestershire HMA.

As identified in the HWP the Government considers that Councils may not be undertakings an honest assessment of housing needs. As a consequence the Government has consulted on a standardised methodology for the calculation of OAHN. The Council should give consideration to the implications of the Government's proposed standard methodology for both the Borough and the HMA. By the time of the Local Plan Examination (if submitted after March 2018) it may be necessary for the Council to prepare an assessment of housing needs based on this standard methodology. 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 Council's housing requirement in written Hearing Statements and during oral discussions at the Examination Hearing Sessions.

Housing Land Supply (HLS)


The overall HLS of 2,960 dwellings is set out in Table 1 of the Plan summarised as :-

- 1,346 dwellings (578 dwellings built April 2011 – March 2017 and 768 dwellings existing commitments as at March 2017) ;
- 1,614 dwellings (129 dwellings allocated in Wigston town centre, 76 dwellings allocated in Oadby district centre, Direction for Growth Areas allocations for 1,159 dwellings and allocation of smaller sites (11 – 99 dwellings) for 250 dwellings in Leicester PUA).

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 trajectory (Figure 1). The Council's HLS assumes that all of the proposed allocations in the Plan will be found sound. However the soundness of individual allocations will be discussed throughout the course of the examination if any are found to be unsound these will need to be deleted from the HLS accordingly.

It is also essential that the Council's assumptions on lead-in times, non-implementation, lapse and delivery rates for sites are realistic. These assumptions should be supported by parties responsible for delivery of housing and sense checked by the Council using historical empirical data and local knowledge.

The figures set out in Table 1 provide no contingency within the HLS. The Council cites an additional 400 dwellings sourced as 40 dwellings from within the settlement boundary of Kilby Bridge, 300 dwellings from Phase 3 of the Wigston Direction for Growth and 70 dwellings from windfalls (see para 4.2.11) which the Council states negates any potential delivery issues on allocated sites and helps fulfil a small proportion of Leicester City's declared unmet need. This additional 400 dwellings represents a contingency of circa 13.5% the HBF always recommends as large a contingency as possible. The Council's proposed level of contingency is also below the 10 – 20% non-implementation gap together with 15 – 20% lapse rate illustrated by the DCLG presentation slide from the HBF Planning Conference September 2015 (see below). The slide also suggests *"the need to plan for permissions on more units than the housing start / completions ambition"*.

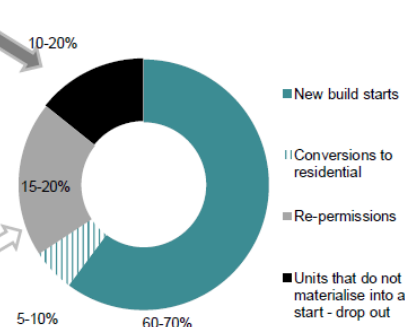

 Department for Communities and Local Government
 In recent years there has been a 30-40% gap between permissions and housing starts

- **Gap of around 30-40%** between the number of permissions given for housing and starts on site within a year. Estimate that for a year's permissions for housing around:

- **10-20%** do not materialise into a start; the permission 'drops out': this could be because -
 - the landowner cannot get the price for the site that they want
 - a developer cannot secure finance or meet the terms of an option
 - the development is later not considered to be financially worthwhile
 - there are supply chain constraints hindering a start.

There may be scope to reduce this through policy.

- **15-20%** are not abandoned but a **re-permission** is sought, for example to make a major change to plans or to extend the development period.



- Recent data and realities of private market suggests need to **plan for permissions on more units than housing start/completion ambition**.

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

The Council 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).

5 Year Housing Land Supply (YHLS)

At the time of this consultation the Council has not provided an up to date 5 YHLS calculation. The 5 YHLS is a snap shot in time which can change very quickly. The following analysis addresses matters of principle rather than detailed site specific analysis. The HBF's preferences for the calculation of 5

YHLS are the Sedgefield approach to shortfalls as set out in the NPPG (ID 3-035) with a 20% buffer applied to both the annualised housing requirement and any shortfall.

If the Council could not demonstrate a 5 YHLS on adoption of the Local Plan which is maintainable throughout the plan period then the Plan could not be found sound. If further site allocations are needed in order 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. Inevitably the key to increasing housing supply is increasing the number of sales outlets which means the allocation of more sites. 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.

When more information on 5 YHLS 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

Affordable Housing & Viability

If the 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 that the Council understands and tests the influence of all inputs on the residual land value as this determines whether or not land is released for development. The 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*”.

Policy 13 – Affordable Housing proposes on sites of 11+ dwellings differential affordable housing provision of 30% in Oadby, 20% in Wigston and 10% in South Wigston subject to viability.

The Council’s latest viability testing evidence is set out in Oadby & Wigston Whole Plan Viability Assessment Report dated 2017 by Andrew Golland Associates. The findings show that policy trade-offs are required between affordable housing provision and infrastructure. The Council 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.

The proposed affordable housing tenure mix is 80% affordable rent and 20% intermediate. There should be flexibility in the policy wording so that the Council may deliver a mixed package of affordable housing including affordable home ownership and rented tenures. The Council has identified a need for 33 Starter Homes per annum.

It is noted that in **Policy 21** the provision of at least 30% affordable housing is required. The setting of a minimum requirement in **Policy 21** is inconsistent with the approach set out in **Policy 13**. This inconsistency is not justified by the Council's viability evidence and the wording "at least" should be deleted.

Housing Standards

In **Policy 11 – Housing Choices** the Council states "*To ensure that new residential development promotes healthy living and dwellings are of the appropriate size for its proposed occupants; (unless there is a demonstrable reason for not doing so) all new dwellings should provide sufficient space for kitchen, dining, bedroom, and living facilities, and should include appropriate levels of internal storage*". However this statement is ambiguous and it is unclear if the Council is intending to adopt the Nationally Described Space Standards (NDSS) which are included in Appendix 2 of the Plan. It is recommended that this bullet point in **Policy 11** and Appendix 2 are 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 Council wishes to adopt the NDSS this should only be done 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) :-

- **Need** - It is incumbent on the Council to provide a local assessment evidencing the specific case for Oadby & Wigston which justifies the inclusion of the NDSS as a Local Plan policy. If it had been the Government's intention that generic statements justified adoption of the NDSS then the logical solution would have been to incorporate the standards as mandatory via the Building Regulations which the Government has not done. The NDSS should only be introduced on a "need to have" rather than a "nice to have" basis. The identification of a need for the NDSS 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 Council's Viability Assessment is not based on NDSS compliant units for 2 and 3 bedroom dwellings.

The Council cannot simply expect home buyers to absorb extra costs in a Local Plan area where there exists severe affordability pressures. There is also an impact of larger dwellings on land supply. The requirement for the NDSS 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 NDSS compliant home. The Council 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 Council 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 NDSS. These sites should be allowed to move through the planning system before any proposed policy requirements are enforced. The NDSS 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.

The achievement of Building Regulation standards for energy efficiency is a requirement of **Policy 38– Climate Change**. Therefore the meaning of the statement “*will be required to incorporate on site renewables energy generation or on-site provision of buildings that reduce need for non-renewable energy use*” in **Policy 38** is unclear. As there is no further explanation of the meaning or purpose of this statement in the supporting text it is suggested that this wording is unnecessary and should be deleted.

Housing Mix

In **Policy 14** the Council proposes to encourage self / custom build. The HBF is supportive of the Council’s approach to the encouragement of self / custom build which is a potential contributor to overall housing supply. However it is noted that in **Policy 21** this encouragement has become a policy requirement so there is an inconsistency in the Council’s approach. It is not evident that the Council has assessed such housing needs in its SHMA work as set out in the NPPG (ID 2a-021) or viability tested such a policy requirement.

Conclusion

For the Oadby & Wigston 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. Currently the Local Plan is unsound because of :-

- an under-estimation of housing needs ;
- an ineffective review mechanism to deal with identified unmet housing needs in Leicester & Leicestershire HMA ;
- insufficient flexibility in overall HLS ;
- potentially no 5 YHLS on adoption of the Plan ;
- unjustified policy requirements for NDSS ;
- insufficient viability testing of proposed affordable housing policy.

Therefore the 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 Council in preparing the next stages of the Oadby & Wigston 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
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