



Shropshire Council
Planning Policy
Shirehall
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Shrewsbury
Shropshire
SY2 6ND

SENT BY E-MAIL ONLY

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Dear Sir / Madam

SHROPSHIRE LOCAL PLAN REVIEW – PREFERRED SCALE & DISTRIBUTION OF DEVELOPMENT CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation which :-

- Sets out the preferred scale of housing and employment needs for the period 2016 – 2036 ;
- Sets out the preferred distribution of growth ;
- Identifies housing & employment growth guidelines for the Strategic, Principal and Key Centres ;
- Confirms the settlement hierarchy and identifies settlements in the hierarchy including Community Hubs and Community Clusters ;
- Proposes draft policies for development management within Community Hubs and Clusters ;
- Identifies other issues such as gypsy & traveller accommodation, mineral sites, waste development, wind energy to be reviewed.

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 answers in response to specific questions in the Council's consultation questionnaire.

Q3. Do you agree with the preferred housing requirement proposed for Shropshire of 28,750 dwellings between 2016 and 2036 (1,430 dwellings a year)?

The adopted Shropshire Local Plan sets out a housing requirement of 27,500 dwellings (1,375 dwellings per annum) up to 2026. The new Local Plan will set out housing requirement for plan period 2016 – 2036.

As set out in the National Planning Policy Framework (NPPF) the Council should be proactively supporting sustainable development to meet its identified housing needs by significantly boosting the supply of housing. The National Planning Practice Guidance (NPPG) advises that Objectively Assessed Housing Needs (OAHN) should be unconstrained (ID 2a-004) and assessed in relation to the relevant functional area known as the Housing Market Area (HMA) (ID 2a-008). It has been determined that Shropshire is its own self-contained HMA. This definition should not negate the Council from its responsibilities to co-operation with neighbouring authorities in adjoining HMAs where there may be unmet housing needs.

The NPPG methodology for the calculation of OAHN is a staged process comprising :-

- A demographic starting point (ID 2a-015 – 017) ;
- An economic assessment (ID 2a-018) ;
- Market signals considerations (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 Shropshire Council Full Objectively Assessed Housing Needs (FOAHN) Report 2016 sets out an OAHN of 25,178 dwellings (1,259 dwellings per annum) calculated as :-

- 24,700 dwellings (1,235 dwellings per annum) based on 2012 SNHP including an allowance for students and 10 year migration trends ;
- An adjustment for concealed households of +478 dwellings.

The affordable housing need is calculated as 1,240 dwellings per annum.

It is noted that the Council's OAHN calculation makes no adjustments for :-

- Market signals as it was considered that past planning policies had not restricted housing supply therefore past housing delivery had not constrained household projections so market signals were better than in comparator authorities and nationally ;
- Economic growth as it was considered that an adequate labour force to support future jobs growth (on baseline Oxford Economics forecast) was available but if a more ambitious economic growth plan than the baseline was pursued then the job-led housing need would be re-assessed accordingly.

Subsequent to the Council's FOAHN Report 2016 the Government has consulted on proposals for a standard methodology for the calculation of OAHN. By the time of the Shropshire Local Plan Review Examination it is likely that a standard methodology for the calculation of OAHN will have been implemented by the Government. In summary the Government's proposed methodology is :-

- Demographic baseline based on annual average household growth over a 10 year period ;
- Workplace-based median house price to median earnings ratio ;
- Adjustment factor = $\frac{\text{Local affordability ratio} - 4}{4} \times 0.25$;
- Local Housing Need = (1 + adjustment factor) x projected household growth.

The Shropshire Council FOAHN Supporting Document dated October 2017 sets out a housing need of 25,400 dwellings (1,270 dwellings per annum) calculated by using the Government's proposed standard methodology.

The proposed housing requirement is 28,750 dwellings (1,430 dwellings per annum). This housing requirement should be expressed as a minimum figure. This "policy on" housing requirement will achieve a "higher" level of housing growth to support the long term sustainability of the County by reinforcing Shropshire's role within the wider region and supporting Shropshire's Economic Growth Strategy which aspires to achieve a step change in Shropshire's economy in particular attracting higher value jobs, increasing productivity and improving wage levels. The higher housing requirement will also increase the delivery of family and affordable housing.

However the derivation of the "policy on" uplift of 3,350 dwellings (circa 13%) from the Government's standard methodology estimate of OAHN of 25,400 dwellings to the housing requirement of 28,750 dwellings is not set out. Therefore it is not possible to establish if the quantum of this uplift is correct.

It is agreed that an affordable housing need of 1,240 dwellings per annum is a significant issue. The FOAHN Report 2016 evidences that affordable housing delivery 2010/11 – 2014/15 averaged 24.2% (Table 53) on this basis projected affordable housing delivery is estimated as 305 dwellings per annum (Table 54). Affordable housing delivery based on affordable housing targets is 192 dwellings per annum (Table 58). The average of these estimates of future affordable housing delivery is 248 dwellings per annum which is considerably less than the estimated affordable housing need of 1,240 dwellings per annum. The preferred housing requirement of 28,750 will provide an opportunity to deliver more affordable housing as a part of open market housing schemes and exception schemes. The HBF acknowledge 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 this does not necessarily mean that some increased provision could not be achieved. It is contended that the Council has not adequately considered the

scope for further additional housing over and above OAHN to make a contribution towards meeting affordable housing needs as set out in the NPPG (ID 2a-029).

It is also agreed that a more ambitious economic growth plan than the baseline forecast as set out in the Shropshire Economic Growth Strategy will require the jobs-led housing need to be re-assessed accordingly. As set out in the NPPF the Council should ensure that the assessment of and strategies for housing, employment and other uses are fully integrated. The Oxford Economics Baseline Growth Forecast (using current trends) predicts the creation of 9,300 new jobs by 2036 and on this basis there is a sufficient labour force to fill the anticipated baseline jobs growth but jobs growth in Shropshire (at 465 jobs per year) has been lower than growth in the UK (at 700 jobs per year). The Shropshire Economic Growth Strategy seeks to achieve a significant “step change” to the economic structure and performance of the County’s economy by increasing productivity and encouraging working age people to settle and remain in Shropshire. Housing is a vital part of this strategy as a means of ensuring people have good opportunities to access housing close to their employment but also as a means of supporting businesses to satisfy their future labour force demands. However the “balanced growth strategy” in Appendix 2 (A.2.18) is somewhat confusing as the preferred housing requirement is both an input and output therefore the proposed level of housing may actually itself be a constraint on economic growth.

In conclusion the OAHN for Shropshire should not be under-estimated and the “policy on” housing requirement should be high enough to help deliver affordable housing needs, support economic growth and unmet housing needs from elsewhere.

Q4. Do you agree with the preferred employment land requirement proposed for Shropshire of 305 hectares between 2016 and 2036 (15.25 hectares of employment land a year), based on the concept of ‘balanced’ employment and housing growth?

The “balanced growth” concept is to deliver an amount of employment land of sufficient scale to provide enough jobs to achieve the preferred housing requirement proposed. The proposed employment land requirement is set out as 300 hectares since there is an existing supply of 223 hectares the residual requirement is identified as 80 hectares. The range, choice and location of the new employment land to be provided will complement the scale and distribution of proposed housing development across the County. As set out in answer to Q3 the derivation of the proposed preferred housing requirement is unclear as a consequence the quantum of the preferred employment land requirement is also unclear.

Q5. Do you agree with the preferred spatial distribution of the proposed housing and employment requirements, which has an ‘urban focus’?

The proposed preferred strategy will capitalise on opportunities presented by Shropshire’s unique geographic position within the West Midlands Combined

Authority in relation to the Midlands Engine and on the edge of the Northern Gateway Development Zone around Cheshire and Staffordshire. The “Urban Focus” is related to the County’s Economic Growth Strategy objective to prioritise investment along strategic corridors and growth zones, in order to utilising existing road and rail connections. These five strategic corridors are Eastern Belt M54/A5/A41/A464/A5 & A454/A458, A5 West, Central Shropshire, North East Shropshire and the A41 corridor. It is proposed that development across the County is broadly distributed as follows :-

- Around 30% of development proposed in Shrewsbury (the Strategic Centre) ;
- Around 24.5% in Principal Centres of Bridgnorth, Ludlow, Market Drayton, Oswestry & Whitchurch ;
- Around 18% in 11 Key Centres of Albrighton, Bishop’s Castle, Broseley, Church Stretton, Cleobury Mortimer, Craven Arms, Ellesmere, Highley, Much Wenlock, Shifnal and Wem ;
- Around 27.5% in rural area in Community Hubs and Community Clusters.

This “urban focus” will reduce the level of growth in the rural areas to around 27.5% which is below the currently adopted Core Strategy and SAMDev Plan provision of 35%. It is noted that 10% of the existing population live in Shrewsbury, 20% in Principal Centres, 6% in Key Centres therefore the remaining 64% of the existing population live in the rural area either in Community Hubs, Community Clusters or the countryside. It is essential that the vitality of these rural communities is maintained and enhanced (also see answer to Q8 below).

Q6. Do you have any comments on any of the settlement strategies provided within Appendix 3?

The Council consider that Shrewsbury and the Principal Centres offer the best opportunities to deliver larger scale mixed use development whilst the Key Centres offer opportunities to deliver growth at a more moderate scale. Strategic, Principal and Key Centres will have a development boundary that will help to manage future growth and where appropriate the Council will allocate specific sites for development. In the 40 identified and named Community Hubs development boundaries and criteria based policies will be applied to manage development. In the 40 existing and proposed Community Clusters (where Parish Councils have chosen to opt in) criteria based policies to manage development will be applied.

The key proposals include Strategic Sites at Ironbridge Power Station and Clive Barracks as well as potential new Garden Village settlements in strategic locations. The Review will also consider the potential release of Green Belt land to support the long term sustainability of the County as directed by the Inspector in the Examination Report on the SAMDev Plan.

The Housing Land Supply (HLS) is set out as :-

- Completions in 2016/17 - 1,900 dwellings ;

- Committed Planning Permission or Prior Approval as at 31st March 2017 - 11,465 dwellings ;
- SAMDev Allocations without Planning Permission as at 31st March 2017 - 5,028 dwellings ;
- Residual Housing Required to Meet Preferred Housing Requirement - 10,347 dwellings of which :-
 - 3,646 dwellings in Shrewsbury ;
 - 2,447 dwellings in Principal Centres ;
 - 1,694 dwellings in Key Centres ;
 - 2,560 dwellings in Rural areas.

If the Local Plan is to support growth by generating certainty for investment in development and infrastructure whilst maintaining control over planning decisions during the period to 2036 then contingencies should be included. This preferred HLS has no contingency. HLS should not be planned to a minimum with no flexibility to respond to changing circumstances. The Council should provide some headroom within its overall HLS.

The HBF would also recommend a broad portfolio of housing sites maximises housing delivery because a wide variety of sites by size, location and market type provides house builders of all types with 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 whilst large strategic sites may have multiple outlets usually increasing the number of sales outlets available inevitably means increasing the number of housing site allocations large existing strategic sites should be complimented by smaller scale non-strategic sites. This approach is also promoted 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.

Q8. Do you support the proposed policy for managing development in ‘Community Hubs’?

Community Hub development boundaries should not be drawn too tightly. The use of settlement boundaries to arbitrarily restrict sustainable development from coming forward on the edge of settlements is not a positive approach. As set out in answer to Q5 above 64% of the existing population live in the rural area so a more flexible approach to development may be necessary.

As the housing requirement should be expressed as a minimum the residential development guidelines should not result in the minimum housing requirement been treated as a maximum. Therefore Bullet Point 7 of the proposed criteria based policy for managing development in Community Hubs should be re-considered. An overly restrictive policy approach will reduce competition and delivery.

Q12. Any further comments.

The Core Strategy Policy CS11 – Types & Affordability of Housing is out of date. The requirement for affordable housing provision on all sites is no longer consistent with site thresholds set out in the Written Ministerial Statement dated 28 November 2014. The definition of affordable housing should also accord with the latest definitions as set out in the NPPF. When the NPPF is revised in 2018 this may include tenures such as starter homes, discount market sale housing and affordable private rent housing. This policy should be re-considered in the Review in order to reflect changes in national policy on housing and be based on updated robust viability evidence.

Conclusion

It is hoped that these representations are of assistance to the Council in preparing the next stages of the Shropshire Local Plan Review which to be found sound under the four tests of soundness as defined by the NPPF should be positively prepared, justified, effective and consistent with national policy. In the meantime if the Council requires any further assistance or information please contact the undersigned.

Yours faithfully
for and on behalf of **HBF**



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