

NORTH HERTFORDSHIRE LOCAL PLAN EXAMINATION

Matter 3 – The housing strategy: the objectively assessed need for housing and the housing requirement (Policy SP8)

Issue: The Objectively Assessed Need for Housing

We do not consider the approach taken in assessing housing needs to be consistent with the methodology for assessing housing needs as set out in Planning Practice Guidance (PPG). We have two main concerns regarding the approach taken by the Council when assessing housing needs which mean that the Council have not assessed the level of housing needs of the HMA in full. These concerns relate to: the use of a 10-year migratory trend; and the limited uplift considered necessary to take account of market signals. These issues are considered below.

10-year migratory trend

Planning Practice Guidance is clear that the Household Projections produced by the Department for Communities and Local Government (DCLG) provide a robust dataset for the consideration of future needs. This is reiterated in the Government's latest consultation on the standard methodology which states:

“The Office for National Statistics’ projections for numbers of households in each local authority are the most robust estimates of future growth”

However, PPG does go on to say that any departure from this data will need to be clearly explained and well justified. No such evidence has been presented by the Council nor any explanation on notable trends and why these may have occurred. The only reason provided is that they consider a ten-year trend to better reflect future needs due to the stability of this evidence in comparison to a 5-year trend. We note that the Planning Advisory Services guidance note is quoted as suggesting the use of longer term trends, however, it is important to recognise that this is not national guidance or policy.

We do not dispute that in some circumstances a longer-term trend can provide more realistic projection where there is considerable volatility in migration trends. However, it is important to remember that they can also include past periods of unexpectedly lower levels of population growth and migration that are no longer relevant. It also means that a projection based on a ten-year migration period can be slower to take account of future trends. As such it is important to consider the distinct challenges facing North Hertfordshire and the Wider South East and the impact of London's inability to meet its own housing needs.

Even if London were to meet its supply expectations of 42,000 dwellings per annum (dpa) this is still significantly below the Mayor's lowest assessment of need at 49,000 dpa¹. This level of under supply is part of the reason for the severe problems the capital is facing with regard to affordability. This can be seen in the lower quartile earnings to house price ratio

¹ Short term assessments outlined in the evidence base for the Further Amendments to the London Plan indicated a need of 62,000 for the first ten years.

which for London is 13.52 compared to the East of England at 8.45. If this data is examined in relation to NHDC and those London Boroughs with which it has the most significant migratory relationship, Barnet and Enfield, there is also strong evidence to suggest similar affordability drivers which will see more people moving out of London and fewer moving into the Capital. In 2016 Barnet and Enfield had LQ earnings to house price ratios of 15.09 and 12.91 respectively, considerably worse than NHDC. Whilst NHDC is not considered affordable, with a ratio of 9.8, housing affordability for London's growing population will be a clear driver of change in future.

However, even the delivery of 42,000 dpa would appear to be unachievable given the latest monitoring report published by the GLA indicates delivery of conventional housing (self-contained flats and houses) for the 2015/16 period as being 32,919². This degree of under provision in the Capital will also be a driver of further out-migration alongside reducing the amount of in-migration from those areas surrounding the capital as set out above. If the right homes are not available to meet growing needs then there will be little option but for these households to move to those areas surrounding the capital. This would mean a ten-year trend increasingly taking account of scenarios that are no longer applicable and failing to capture decisive changes in migratory patterns. Such an approach is more likely to lead to the Council continuing to under supply housing to meet needs.

Even if the ten-year trend were considered reasonable we would have concerns regarding the approach taken in the SHMA. Whilst the SHMA sets out in paragraph 2.35 that the GLA also prefer a 10-year trend it does not acknowledge that the GLA's central variant³ (its ten-year projection) takes into account a wider migration patterns rather than those purely related to the HMA. As such there is some significant difference between these 10-year projections with the GLA 2016 based data showing household growth of 12,944 compared the most recent SHMA estimate of 12,114.

We would also like to draw the Inspector's attention to the National Infrastructure Commission's interim report on Cambridge Milton Keynes Oxford Growth Corridor⁴. North Hertfordshire has been considered as part of this work alongside 22 other authorities and it was noted in paragraph 2.6 of this report that:

“Objective assessments of housing needs for each local authority are, under current planning policy, determined through Strategic Housing Market Assessments (SHMAs). However, the assessment methodologies adopted by local authorities can be conservative and can mask high levels of unmet need. Local authorities are often not consistent in their approach to calculating need and many run modest economic and household projection scenarios that result in lower assessments. This is a national issue, but of particular relevance to the study area given high levels of demand for housing.”

It would appear that the tendency to underestimate housing need is prevalent across this region. If the long term economic growth and infrastructure plans that are required for this

² Para 2.21 London Plan Annual Monitoring Report 2015/16 (July 2017).

https://www.london.gov.uk/sites/default/files/amr_13.pdf

³ <https://data.london.gov.uk/dataset/2016-based-projections-national-outputs>

⁴ www.gov.uk/government/publications/the-national-infrastructure-commissions-interim-report-into-the-cambridge-milton-keynes-oxford-corridor

area are to be realised then the assessments of housing need must not seek to suppress official demographic projections.

As such the proposal to significantly reduce the demographic starting point compared the current household projections when assessing housing needs is unjustified. The Council should have used the 2014 Household projections of 13,798 new households as the starting point and not modify these projections based on a 10-year migration trend.

Market signals uplift

As set out in our representation to the regulation 19 consultation we do not consider a 10% uplift to be sufficient when considered against the market signals evident within the HMA. These signals show that North Hertfordshire District Council (NHDC) is becoming increasingly unaffordable to those who live and work there. Just one example of this is the ratio of lower quartile house prices to lower quartile income⁵ (LQ ratio) which has seen significant changes between 2013 and 2016. In NHDC the LQ ratio was 7.55 compared to the national average of 6.51. In 2016 these had increased to 9.80 in NHDC but only to 6.95 nationally. There has clearly been significant recent shifts in affordability in NHDC compared to the national picture. A similar position can be seen when looking at lower quartile house prices. In NHDC these have increased from £168,000 in quarter 3 of 2013 to 238,000 in quarter 3 of 2016. Such indicators suggest that there is significant pressure from under supply within this housing market. In fact, these indicators are now higher than they were at their previous high in 2008 - prior to the financial crisis. It also shows a different picture to the one of stable house prices and improving affordability ratios portrayed in the SHMA.

Most recently we have seen uplifts of 20% being agreed by Inspectors at both Canterbury and Mid Sussex. Both these authorities experience similar concerns with regard to worsening affordability compared to national averages and give an indication as to the degree to which market signals should be taken into account. Other authorities in the East of England that have also suggested higher uplifts are Braintree and Chelmsford. Whilst these authorities have not yet been examined they are proposing 15% and 20% uplifts respectively on the basis of similar market signals.

We appreciate that the Standard Methodology cannot be given any significant weight at present due to its status as a consultation document. However, the consultation does give an indication as to degree to which market signals should influence the final assessment of need - and that the areas where housing is least affordable see the most significant uplifts. The approach taken is similar to that proposed by the Local Plan Expert Group which suggested that where affordability was over 8.7 then uplifts of 25% should be applied⁶. Given the worsening trend with regard to affordability within the HMA we suggested in our representation that a minimum uplift of 20% be applied to the demographic starting point resulting in an OAN of 800 dpa. However, even this uplift would result in a substantially

⁵<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandanddwales/1997to2016/relateddata>

⁶ Local Plans Report to Government - Appendix 6 Housing and Economic Development Needs Assessment – Revised NPPG Text. (March 2016)

lower assessment of housing need than the 996 dwellings⁷ per annum using the standard methodology.

The degree of unmet need that is arising from this plan as a result of the approach taken to assessing housing needs will need to be addressed not only by NHDC but also with its partners in the HMA and potentially in adjoining HMAs. At the very least there will be a need for an early review of the Plan set out in policy to establish the level of unmet need across and an approach to addressing these needs.

⁷ Housing need consultation data table. www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals

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Matter 4 – the housing strategy: the supply of land for housing (Policy SP8)

Issue: The overall supply of housing land

It is important that local planning authorities plan for delivery above the housing requirement to ensure that there is sufficient flexibility within the Plan to address any unforeseen circumstances. Such an approach is supported by paragraph 14 of the NPPF which states that plans should have sufficient flexibility to “adapt to rapid change”. However, whilst the Council has planned to deliver more than *their* assessed needs we are concerned that the requirement set out in the Plan is substantially lower than other forecasts and will not address the housing needs of the area or provide the boost to housing supply that paragraph 47 of the NPPF requires.

In relation to the supply of land the HBF do not comment on the merits or otherwise of individual sites therefore our representation is submitted without prejudice to any further comments made by other parties on the lead-in times, delivery rates, availability and deliverability of specific sites. However, it is essential that the Council’s assumptions on lead-in times and delivery rates are realistic as evidenced by historical empirical data and supported by the parties responsible for delivering these sites.

On the issue of windfall there would appear to be some justification for including a degree of windfall within the assessment of housing land supply, however, the scale of these windfalls has not been sufficiently justified. In particular the Council has failed to justify the inclusion of an additional 430 homes on unidentified larger sites within the last 10 years of the Plan. The Council seeks to justify the inclusion of these homes on the basis that these might come forward due to changes in circumstances, unidentified sites that had no incentive to engage and on sites being developed through permitted development. Whilst such circumstances may well occur there is no evidence as to the scale of delivery if these sites do come forward.

With regard to larger windfall sites we would have expected these to come forward as allocated sites in order to provide the necessary certainty required to enable them to come forward quickly and efficiently. If the Council had concerns regarding the effectiveness of their call for sites and the willingness of land owners to come forward then this should have been addressed at the time. The Government has been clear that every stone should be unturned to find sites in the urban area that has the potential to deliver development. If larger sites are not identified through this process they should not be considered developable as defined by footnote 12 in the NPPF. If the Council considers there to be sites that are potentially developable within the last 10 years of the plan it should have identified these as required by paragraph 47. As such we do not consider there to be sufficient justification to support the high level of windfall. In particular a reliance on larger sites coming forward is not appropriate, if such sites exist they must be brought forward at this stage and allocated for development.

Issue: The five-year housing land supply

We have assessed the most recent delivery data produced by the Council and do not consider there to be a five-year land supply based on the requirements of national policy and guidance.

Firstly, the decision to use a stepped trajectory does not conform with national policy. PPG establishes that the backlog in housing supply should, wherever possible, be addressed within the first five years following the plans adoption. The stepped trajectory just pushes back housing delivery later in the plan period. Given current expectations on delivery and a flat trajectory across the plan period there would be a shortfall of just over 2500 homes on adoption. This shortfall would not be addressed by this Plan until 2024/25, a situation that is further exacerbated with a stepped trajectory. Given the significant pressures being faced by the housing market there is little justification for delaying delivery using the proposed stepped trajectory. The Council must look to allocate further smaller sites earlier in the plan that would address this shortfall.

Whether or not the Council has a five-year housing land supply will be dependent on whether a stepped trajectory is considered to be a sound approach. If not then the Council cannot show a five year housing land supply using either the Liverpool or Sedgfield methodologies. However, even using the current trajectory it would appear that the Council will struggle to have a 5-year housing land supply upon adoption of the plan if it is considered to have persistently under delivered in the past. As set out in our representation we considered the Council to have persistently under delivered in the past which requires them to apply the 20% buffer when assessing their five-year housing land supply and we are pleased that the Council has used this higher buffer in its 5-year land supply assessment. The evidence supporting the use of the 20% buffer is strong and based on their past delivery against the development expectations set out in the East of England Regional Spatial Strategy (RSS) as well as those established in the SHMA. The 2009/10 AMR the Council was unable to achieve its RSS target of 790 dpa. Alongside this following the decision in 2010 that RSS be rescinded delivery housing completions fell significantly from an average of 563 dpa prior to 2010 to an average of just 289 dpa after 2010. When considered against the SHMAs assessment of housing need of 690 dpa between 2011 and 2031 there is a substantial evidence supporting the Council's application of the 20% buffer due to persistent under delivery.

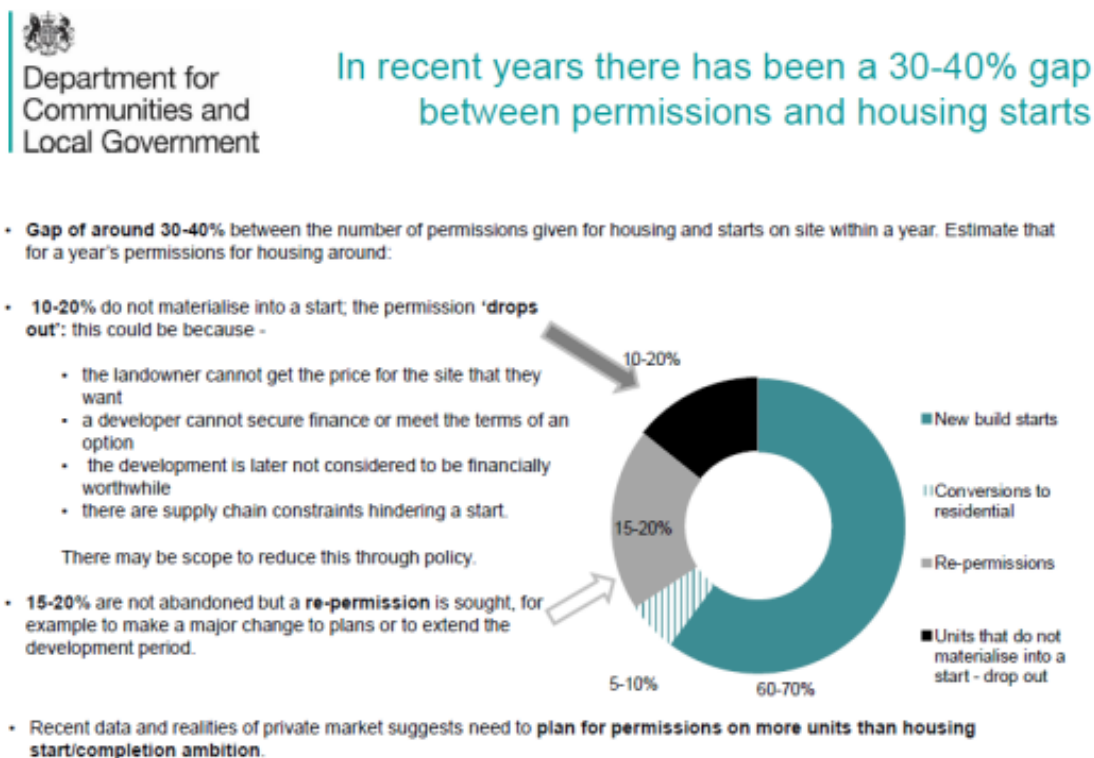
Using the Council's evidence in Table 3 of the "Housing and Green Belt background paper partial update September 2017" and applying the Sedgfield methodology, to ensure that any backlog - even against the targets in the stepped trajectory - is addressed within 5 years, the Council does not have a five year housing land supply. Table 1 below shows that the Council can only deliver 4.5 years of housing land on adoption given the requirement to apply a 20% buffer.

Table 1: Five year supply using 'Sedgfield' methodology

	Sedgfield with 20%
Basic five year requirement 2017/18 to 2021/22	3,100
Backlog 2011/12 to 2016/17	1,006

total 5 year requirement 2017/18 - 2021/22	4,106
Buffer applied	4,927
Supply 2017/18 to 2021/22	4,412
surplus/shortfall	-515
years supply in first five years	4.5

Even using the minimum 5% buffer the 5-year land supply on adoption would be marginal. If delivery were to be just 5% lower than expected then the housing land supply would fall below the required 5-year threshold. DCLG have also acknowledged that not all houses permitted for development will be delivered. The slide below indicates that they consider 10-20% of units do not materialise from permissions and 15-20% will be delayed. Whilst their evidence is based on delivery rates across England it does provide robust evidence to indicate that more flexibility is required within the first five years of the plan and that a marginal five year supply must be a concern.



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

However, in its latest update to the Housing and Green Belt background paper (ED3) the Council sets out in paragraph 4.8 its intention to use both a stepped trajectory and the Liverpool methodology when assessing the five-year housing land supply. Whilst this shows a more robust 5-year land supply it is wholly inappropriate and effectively pushes back the delivery of any backlog even further. In effect it is "double counting" the step trajectory. This was a concern raised in the Local Plan Expert Group who, in recognising there may be a need for a stepped trajectory, stated in paragraph 7 of appendix 13 that:

“there will be instances where the Liverpool method can be more appropriate, for example where the strategic vision for a plan is to build large strategic sites which require a long lead in time and significant enabling works, the plan is clearly ‘back loaded’ and will deliver its housing needs in bulk later in the plan period. However, this might also be addressed in a ‘stepped’ requirement figure, so the application of ‘Liverpool’ rather than Sedgefield might represent double-counting.”

The approach taken by the Council is clearly not consistent with national policy which seeks to have the backlog delivered in the first five years where possible. The approach taken by the Council is to push this back using both the Liverpool methodology and the stepped trajectory. Whilst we do not consider it to be consistent with national policy for the Council to use either it would be even more inconsistent to use both. Without further allocations that could be delivered in the first five years of the plan there is the distinct possibility of the plan being out of date on its adoption.

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Matter 6 – Deliverability (the housing trajectory, infrastructure and viability)

The HBF do not comment on the merits or otherwise of individual sites therefore our representation is submitted without prejudice to any further comments made by other parties on the lead-in times, delivery rates, availability and deliverability of specific sites. However it is essential that the Council's assumptions on windfall, lead-in times and delivery rates are realistic as evidenced by historical empirical data and supported by parties responsible for delivering these sites.

As set out in matter 4 we are concerned that the allowance for windfall is too high. Our concern relates principally to the inclusion of 430 new homes on large windfall sites. In a plan led system larger sites should be identified and allocated in the plan. No evidence has been provided as to the scale of such delivery and therefore it is not justified to include these in the housing trajectory.

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Matter 8 – The housing strategy: affordable housing (policies SP8 and HS2), housing mix (policy HS3) and supported, sheltered and older persons housing.

Issue: Affordable housing (Policies SP8 and HS2) and housing mix

As we stated in our submission to the regulation 19 consultation there are a number of elements in policy HS2 that are unsound. Part B of the policy does not have the necessary clarity to provide either applicant or decision maker, as required by paragraph 17 of the NPPF, to make predictable and efficient decisions. In order to enable applicants to apply this policy effectively the Council need to set out what they consider to be a policy complaint scheme. If a policy does not provide sufficient detail there is a greater risk of an application not meeting the expectations of the Council and lead to a refusal or a delay as additional information is provided. As required by paragraph 50 of the NPPF the Council should amend this policy to identify their expectations with regard to mix and type of affordable housing based on the evidence used to support the development of the Local Plan.

We also consider that it is important for developments that are made unviable by this policy can seek to reduce their required contributions. It is important to remember that a whole plan viability assessment cannot consider every eventuality and development type. Therefore, the policy must not only be clear in its intentions it must also be flexible to adapt to changing circumstances as required by paragraph 14 and paragraph 50 of the NPPF. In order to make this policy consistent with national policy and guidance we would suggest aspects of paragraph 8.11 could be moved to the policy and/or part a.(i) be amended to state that affordable housing provision is “*maximised having regards to the targets set out in this policy and the viability of any proposed development*”

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Matter 15 – Countryside and Green belt: the policy approach to the Green Belt, Rural Areas beyond the Green Belt and Urban Open Land

Policy SP5 sets out a general policy of restraint with regard to Rural Areas beyond the Green Belt. However, there is no basis in national policy for such a designation and any decisions on development within this area should be on the extent to which development would harm the natural environment as set out in Section 11 of the NPPF. We consider these provisions, and similar policies in the Local Plan, to be sufficient to allow for effective decision making on development in rural areas. We would consider a general policy of restraint to be an ineffective approach to planning for rural areas outside of the Green Belt and inconsistent with the positive approach to planning required by the NPPF and in particular the need to support a prosperous rural economy and meet the housing needs of rural communities. In order to make this policy sound we would suggest that part d of Policy SP5 is removed.

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Matter 16 – Transport and Infrastructure (Policies SP6, SP7, T1 and T2)

Policy SP7 fails to distinguish sufficiently between those obligations secured specifically in order to make an application acceptable in planning terms and those contributions collected and pooled towards Borough wide infrastructure improvements that support the delivery of the Plan as a whole. It is not the responsibility of the applicant to provide such infrastructure and they have no control as to when and how such infrastructure is delivered. It is the responsibility of the Local Authority through the infrastructure delivery plan, monitoring framework and its Regulation 123 list to ensure that the required infrastructure is in place to support development from any pooled payments. As such part b and c of the policy are unsound as they are neither effective or consistent with national policy. No applicant could secure the completion of infrastructure to which they were contributing to and therefore planning permission should not be refused on this basis. The policy should therefore be deleted or amended to reflect current regulations and policy relating to planning contributions.

Part f of SP7 has no basis in policy or guidance. We would expect the Council to have reasonable and proportional consideration of any evidence submitted by developers with regard to viability. In fact by suggesting that the Council take a stringent approach to the implementation of this policy is contrary to paragraph 205 of the NPPF which requires the Council to be sufficiently flexible with regard to planning obligations. We would also have expected the Council to have considered viability sufficiently as part of the preparation of the plan to ensure that there would be limited reasons for the consideration of viability in relation to infrastructure contributions unless there were significant changes in the market.