

Sent by email to: local.plan@huntingdonshire.gov.uk

05//01/2017

Dear Sir/ Madam

Response by the House Builders Federation to the Huntingdonshire Local Plan

Thank you for consulting the Home Builders Federation (HBF) on the Huntingdonshire 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.

We would like to submit the following representations on the Local Plan and we would welcome, in due course, participating in hearings of the Examination in Public.

Duty to Co-operate

The Council considers itself to be in the Cambridgeshire and Peterborough Sub Region Housing Market Area. The joint working within this HMA produced a Strategic Housing Market Assessment in 2013 and a Memorandum of Understanding was agreed at the same time. This agreement established that the HMA would meet its own needs but the distribution of housing reduced the requirement in Fenland and East Cambridgeshire indicate that, at that point in time, there was a good degree of co-operation between these authorities.

However, since the publication of the SHMA the pace at which each local planning authority (LPA) in the HMA has progressed its plans has varied. This has led to the housing needs across this area being considered on a more fragmented basis. A number of authorities in the HMA have now undertaken additional SHMAs which update their own objectively assessed needs for housing (OAN) but do not consider the needs of the HMA as whole. There also remain gaps in the evidence with table 3.9 of the Duty to Co-operate statement indicating that there is no updated OAN for Fenland or St Edmundsbury. This is a significant concern as it is not possible, as required by the NPPF, to consider whether the needs of the Cambridgeshire/ Peterborough HMA are being met in full. So whilst the Council state in paragraph 3.18 that the purpose of the original MOU remains intact without a clear understanding housing needs across the HMA it is difficult to understand how this can be the case. This fragmentation has also led to some authorities in the HMA forming “sub” areas. We note from the recent

consultation on the East Cambridgeshire submission local plan that they are working closely with Fenland and Peterborough.

We would have expected that in the 5 years since its publication further iterations to this document would have been made to take account of changing circumstances. So whilst it would appear that the legal duty to co-operate has been addressed we are concerned that there is no evidence to show that the needs of the full HMA are being met. We would therefore expect to see, prior to submission, an updated Memorandum of Co-operation providing the necessary detail as to what the full needs of the HMA are and where these needs are being met. Until this is provided we cannot say whether or not sufficient work has been undertaken to show that East Cambridgeshire have co-operated effectively and that housing needs across the HMA will be met in full.

LP1 – Amount of development

This policy establishes the Borough's housing requirement between 2011 and 2036 as being 20,100 homes, the equivalent of 804 dwellings per annum (dpa) which would meet the Council's objective assessment of housing need (OAN). This is a reduction of 900 homes on the regulation 18 consultation which looked to set a requirement of 21,000 homes. Our response to the regulation 18 consultation highlighted that the Council was probably under estimating its housing needs and in particular that the market signals suggested a higher uplift above the demographic baseline.

Demographic starting point

We welcome the use of the 2014 DCLG household projections as the baseline for considering housing needs. Like the Government we consider these to be most robust baseline for considering housing needs as well as providing a consistent national baseline against which to consider household growth. We would also consider the use of the 2011 Census data to convert the baseline household projections into dwellings required to be a reasonable approach.

Market signals

The Council are proposing a 5% uplift to the demographic starting point in response to market signals. Planning Practice Guidance establishes the need to consider market signals as a means of ensuring that the amount of housing the Council is seeking to plan for is responding not only to projected levels of household growth but also to any indicators in the housing market that suggest that supply needs to be increased above part rates of delivery. PPG sets out a range of indicators that should be examined and the Council have considered each of these in turn.

The Council's conclusion on the market signals is that the market signals over the period 2009 to 2014 have been "very modest"¹ and that these signals suggest a less than moderate level of under provision relative to need. We would disagree that some of the market signals for Huntingdonshire could be considered to be very modest. The

¹ paragraph 112 "Huntingdonshire Objectively Assessed Housing Need 2017"

latest indicators of affordability indicate that the ratio of lower quartile house prices to lower quartile incomes is currently 8. Effectively, lower quartile house prices are 8 times lower quartile salaries. Similarly the median income to house price ratio is 8.25 indicating that there are issues of affordability across the Borough's housing market. There is also a worsening trend with the LQ ratio increasing by 21% between 2009 and 2016 and lower quartile house prices increasing by 35% during the same period. These are significant trends and should not be dismissed.

However, as the Council have noted, the affordability of housing within the Borough did stabilise following a period of sustained higher delivery and rose sharply once that level of delivery reduced. This would suggest that just to stabilise affordability the Council will need to secure delivery in excess of 800 dpa. If it is to improve affordability, which is a key aim of national policy, we would suggest a higher uplift is necessary. The main issue is therefore the degree of uplift that would begin to improve affordability.

Since the publication of Planning Practice Guidance there has been a significant amount of time spent debating the level of uplift that is appropriate in response to a variety of market signals. As the Council point out the Planning Advisory Service guidance outlines that a general rule of thumb has been to place a 10% uplift where signals indicate a moderate level of under provision or the signals are mixed. Elsewhere the Local Plan Expert Group suggested far higher uplifts were required to address affordability and suggested uplifts in excess of 25% where lower quartile affordability ratios were 8 or higher. However, both these were suggestions as to how to respond and could only be used as guidelines and not given any particular weight.

Until recently the Government have remained silent as to what they considered to be an appropriate response. The publication of the consultation paper "planning for the Right Homes in the Right Places" changed this position. In this consultation document the Government put forward its proposal for the standard methodology. This methodology set out an affordability adjustment factor. The use of this factor would see uplifts relating directly to affordability ratios. For example where median house prices were 8 times work place incomes would require uplifts of 25%. Whilst this consultation as a whole can only be given limited weight, it does give the clearest indication to date as to what the Government considers to be an appropriate uplift in response to a specific market signal.

However, the uplift in the standard methodology is based on a ten year period and assumes a starting point of 2016. No consideration is given in any part of the methodology to addressing undersupply in previous years, other than the understanding that constrained delivery in previous years is likely to have reduced the level of household formation. Therefore to consider the degree of uplift being proposed by the Government in the standard methodology in responding to market signals it is important to consider the base date for the Local Plan and how under supply is being addressed.

Huntingdonshire's Local Plan has a starting date of 2011 the Council sets out that the current under supply since 2011 is 1,149 dwellings. If this, like the standard methodology, is considered over a period of ten years it would form 10% of any uplift

above household projections. This indicates that the remaining uplift in relation to the standard methodology is to address affordability in future and amounts to a little over 16% of the “affordability adjustment” in standard methodology. We would therefore suggest that the Council should be considering an uplift in the region 15% to take account of market signals. This recognises the Council’s approach to delivering its backlog in the first five years and the benefits this will have on short term delivery but also that in order to improve affordability in the longer term the Council’s evidence suggests housing developments must be sustained at levels in excess of 800 units per annum.

On this basis we consider that OAN should be calculated by uplifting the dwellings required to meet the 2014 based household projections (766 dpa) by 15% to take account of market signals. This would mean an OAN of 880 dwellings. However, this must be considered alongside a requirement to address past under supply between 2011 and 2017 in the first five years of the plan. It is therefore imperative that the policy LP1 establishes the current backlog in housing delivery from the start of the plan period and states that this will be delivered in the first five years of the plan. This would provide a stronger basis for the delivery of the housing required and support the boost to housing supply which is required by paragraph 47 of the NPPF.

LP2: Strategy for development

The HBF does 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 housing land supply, the five-year housing land supply and housing trajectories. However, we want to stress the importance of having realistic delivery expectations within any allocations to ensure the deliverability of the plan across its lifetime. This is particularly important where there is a reliance on strategic sites to deliver the majority of new homes within the plan period.

As a significant majority of the development being proposed in this plan will be delivered on strategic sites it will be essential that the Council’s development strategy is based on realistic delivery expectations. Delays to the delivery of strategic sites for any number of reasons could lead to the LPA not being able to meet its housing requirement in full. To ensure the plan is effective, as defined by paragraph 182 of the NPPF, a plan must be deliverable over its periods and we would therefore recommend a cautious assessment of delivery on strategic sites. Where delivery is considered to be unjustified we would suggest that the timescales for the delivery of strategic sites be extended beyond the plan period. An undersupply across the period can then be offset with the allocation of small and medium sites that will come forward in the plan’s indicated timeframe. Such an approach ensures that a plan is deliverable across the plan period, provides a mix of development opportunities and in general offer a more flexible local plan that is a requirement of paragraph 14 of the NPPF.

We are pleased to see that the Council has established the need to deliver its backlog of housing needs within the first five years of the plan and that it will apply a 20% buffer to recognise persistent under delivery. Both these approach are in line with national policy and guidance and we welcome this approach. However, we consider it

necessary, as highlighted above, to ensure that these commitments are set out in policy LP1. This establishes the Council approach and ensures that both applicants and development control officers are aware of the Council's position.

LP4 Contributing to infrastructure delivery

This policy is unsound as it is inconsistent with national policy

The Council intend to continue to use its Developer Contributions SPD published in 2011 which sets out indications as to the cost per head arising from each element of infrastructure. Whilst the SPD states that contributions will vary with each development it also sets out its expectations with regard to per head contributions arising from development with regard to services such as health, education and community facilities. The application of both the SPD and CIL are contradictory as the money collected from CIL should be used to support the generalised improvement in services that are also being sought from the SPD. If the Council wants financial payments from development to support generalised infrastructure improvements from all development it should do so through CIL. Only where there are specific infrastructure requirements relating to a development (or a maximum of five developments) should the Council be seeking other planning obligations.

To make this policy sound the Council should delete any reference to the Developer Contributions SPD. If the Council wish to use developer contributions it should do so in a manner that is consistent with the Community Infrastructure Regulations 2010 (as amended) and the relevant paragraphs of the Planning Practice Guidance.

LP25 Affordable housing

Parts c and d of the policy are not sound as they are not consistent with national policy

The NPPF establishes in paragraph 14 the need for local plan should offer sufficient flexibility to to adapt to rapid change. As such we welcome the flexibility to vary this policy on the basis of viability but we consider that parts c and d of this policy, which seek to impose on applicants how and where it should deliver affordable housing within the site, to be unsound. Such approaches are overly restrictive and prevent the necessary flexibility that may be required to bring forward sites. In order to deliver the affordable housing requirement it may be necessary to deliver affordable housing in a specific location and style, the local plan should not seek to restrict delivery in this respect. We suggest that the policy is amended to state that the Council seeks to encourage a more dispersed approach to the development of affordable housing on a site whilst recognising that this will be dictated by the nature of a site and its viability.

LP26 Housing Mix

The policy in relation to accessible and adaptable home is unsound as it is inconsistent with national policy and is unjustified

Firstly part g of the policy is inconsistent with national policy. Paragraph 56-009 of PPG states that: *“Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.”* The Council should therefore not apply the higher level Part M4(3) to market homes and part g should be deleted.

The Council's approach to assessing the need for adaptable homes is set out in the Accessible and Specialist Housing Evidence Paper which estimates that there will be a net need for 31,007 accessible homes over the plan period. However, this is not a need based calculation but an estimate of those households that might benefit from an accessible or adaptable home. To extrapolate the fact that just because there will be more households headed by an older person than dwellings being planned for means that all households should be built to accessible standards is not justified. With an ageing population across the Country the situation is no different to other areas, however, the Government have not made this standard mandatory. The approach taken by the Government is for the standard to be applied selectively recognising that many older people do not want to move and many will also move to specialist accommodation.

Some of the evidence used to justify the application of the optional standards is also based largely on the extrapolation of national data to Huntingdonshire. For example at paragraph 6.12 of the Accessible and Specialist Housing Evidence Paper the Council state there is a lack of accessible homes across all tenures on the basis of the proportion of accessible houses nationally. It is not possible to make this conclusion from such data as it will vary considerably from authority to authority. Again if the Government had felt that this national evidence had warranted all new homes to be made accessible and adaptable it would have made this standard mandatory. As highlighted earlier, it has not taken this approach the Council cannot use this as justification for the Council's policy that all new homes should be built to Part M4(2).

We recognise that with an ageing population there will be an increased demand for more accessible properties. However, it must also be remembered that older people are less likely to move than other sectors of the population. In Huntingdonshire the Census showed that just 5% of all those who lived elsewhere within the Borough in the year before the census were over 65 despite being 16% of the population². So despite being a growing proportion of the population they are less likely to move than the rest of the population. This would suggest there is more likely to be growing demand for adaptations to existing homes as a result of an ageing population rather than a demand for more accessible new homes.

Finally the Local Plan Viability Study 2017 would also indicate that the approach set out in LP26 will have a substantial impact on the viability of some schemes, in particular in lower value areas. The table on page 23 and 24 show that there would be a worsening of viability and that a number of the notional schemes used to appraise viability would be made unviable or become marginal on the basis of this policy.

² www.nomisweb.co.uk/census/2011/mu01buk_all

As such we do not consider there to be sufficient local evidence warranting all new homes being built to part M4(2). We recognise that there is an ageing population and that may be some increase demand for more accessible homes but not to the degree suggested by the Council.

LP31 Health Impact Assessments

This policy is unsound as it is ineffective

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 large and complex applications to undertake a Health Impact Assessment (HIA) and all applications to demonstrate how they have mitigated any potential negative effects on health 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. We would also suggest that this policy is not consistent with paragraph 154 of the NPPF as it does not give an indication as to how a decision maker should react to the HIA.

We consider that the Local Plan 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. 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.

Conclusion

At present we do not consider the plan to be sound as considered against the tests of soundness set out in paragraph 182 of the NPPF. We do not consider the Council has met the tests of soundness in the following key areas:

- Assessment of housing need does not provide an adequate uplift to take account of market signals
- Policy LP25 on affordable housing is not consistent with national policy
- The adoption of the optional technical standards set out in policy LP26 have not been sufficiently justified.
- LP4 is inconsistent with planning policy and legislation relating to the collection of planning obligations
- LP31 is unnecessary and as such ineffective.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

Mark Behrendt
Planning Manager – Local Plans
Home Builders Federation
Email: mark.behrendt@hbf.co.uk
Tel: 020 7960 1616