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19/02/2017

Dear Sir/ Madam

## **Response by the House Builders Federation to the Peterborough Local Plan – Proposed Submission**

Thank you for consulting the Home Builders Federation (HBF) on the Proposed Submission 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 Cooperate**

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).

We are pleased to see that Peterborough City Council are continuing to honour its commitment to meet some of the housing needs arising in East Cambridgeshire and Fenland. The links between Peterborough and the Cambridgeshire authorities is strong and is reflected in the joint work through the Combined Authority (CA). However, we can find no reference to the combined authority in the Local Plan and how this is being used to ensure housing needs are being met across the area covered by the CA. Given

that the CA has made a commitment to deliver 72,000 homes<sup>1</sup> over the next 15 years we would consider this an important consideration. This issue is even more pertinent given that the Council has decided to reduce the number of homes it is intending to deliver through this plan. Previous iterations of this plan have looked to deliver significantly higher targets and the Council must be certain that its decision to reduce its expectations do not compromise the CAs aspirations. In order to provide sufficient evidence that the authorities in the CA continue to work together effectively to meet housing needs, the Council and its partners must produce up to date Memorandum of Understanding outlining how they, and the CA, will ensure that its commitment to deliver 72,000 homes will be achieved.

However, alongside the links to Cambridgeshire, Peterborough have also identified that they are in a housing market area with Rutland, South Holland South Kesteven. The Council have stated that each of these authorities have agreed to meet their own needs. However, we note that the latest MOU between these authorities indicates that Peterborough will deliver 981 homes each year. As the Council has looked to reduce its level of delivery we would expect to see agreement across the HMA for this revised approach. The Council must produce the necessary evidence to show agreement across the HMA with the Council's approach. We would also recommend that, for monitoring purposes, the Council identifies in the local plan the HMA within which it is located, the level of need and how that need is being met.

### **Policy LP3: Spatial Strategy for the Location of Residential Development**

The Council have decided to use the standard methodology as set out in "Planning for the Right Homes in the Right Places" as the basis for their objective assessment of housing needs (OAN). This results in an annual need of 942 dwellings per annum, a reduction on the 2017 Strategic Housing Market Assessment (SHMA) which proposed an OAN of 981. We are concerned that the Council have rushed toward adopting the annualised housing target that would result from the implementation of the Standard Methodology. At present the document as a whole has limited weight as it is still only a consultation. One of the HBFs main concerns is that where Councils have been planning for higher levels of housing needs they will feel the need to reduce their overall position. We have stressed to Government that where Councils wish to plan for a higher level of housing the standard methodology should not prevent them from so doing. Therefore should the Council consider it appropriate to plan for a higher level of housing delivery it should not feel constrained by the standard methodology. This is particularly important should the authority be required to deliver more homes to meet the aspirations of the Growth Deal agreed between the CA and the Government.

Similarly it is important that the Council does not see this figure as the maximum number of homes it should deliver. At present LP3 sets out that the Council will deliver approximately 21,315 additional dwellings. This should be established as the minimum number of homes the Council will deliver. By considering this an approximate

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<sup>1</sup> <http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Cambridgeshire-and-Peterborough-Devolution-Deal.pdf>

requirement the Council could deliver fewer homes than they are required and NPPF is clear that needs must be met in full.

### ***Comments on the SHMA***

As the Standard methodology is still out to consultation, and it is uncertain as to whether there will be any significant changes should it be adopted, I would like to make some brief comments on the latest SHMA. The approach taken in assessing housing needs has been to adjust the 2014 based household projections on the basis of a ten year migration trend, which is then uplifted to take account of vacant and second homes to provide the dwellings needed to meet baseline growth. This baseline has then been very modestly uplifted 2.7% to take account of concealed households – which has been used as a proxy for market signals. The overall result from this approach in relation to Peterborough was an OAN of 981 dpa.

We do not support the use of a 10 year migratory trend, nor do we consider the market signals uplift to be sufficient based on the evidence regarding affordability. However, the cumulative outcome of 981 homes is an uplift of 15% on the demographic starting point using the unadjusted DCLG household projections for the 2011 to 2036 period. So whilst we would not support the approach taken in the SHMA the outcome for Peterborough is not inappropriate. However, we are concerned that the approach in general could underestimate the level of need in other authorities within the HMA. These concerns regarding this approach have been considered by the Inspector during the Examination of the South East Lincolnshire Joint Local Plan (covering Boston and South Holland) and have resulted in the Inspector asking those authorities to increase their requirement by 5%.

### **Housing supply**

Alongside establishing the housing requirement the policy also sets out the broad locations 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.

#### *Urban extensions*

As a significant majority of the development being proposed in this plan will be delivered through urban extensions 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.

### *Windfall*

The Council have set out that windfall will account for 9% of total delivery. This comprises of 50 units per annum for 2020/21 and 2021/22 increasing to 138 units per annum for the rest of the plan period. This level of delivery appears to be high for two reasons. Firstly the Council do not appear to have assessed the number of units that have come forward on residential gardens. Paragraph 48 of the NPPF explicitly states that historic rates and future trends should not include residential gardens. In many areas this can reduce the level of windfall coming forward and should for part of calculation when assessing future windfall rates.

Secondly, the Council has included larger sites in its historic assessment of windfall. Given that the Council has allocated a number of such sites in its local plan the expected windfall from larger sites will be reduced. We would therefore suggest that the Council confine any assessment of past windfall delivery to small sites of less than 10. Such an approach provides a more appropriate consideration of windfall and not rely, as the Council state in paragraph 7.1.12 on "unexpected large sites coming forward". Should any large sites come forward unexpectedly then these should be considered a bonus and is one of the reasons why Councils should plan for a minimum housing requirement.

To make up for any shortfall the Council should consider whether further allocations in the larger villages could be made. At present these form only 5% of total delivery despite containing 11% of the Borough's population. Further allocations in the Borough's villages would also be consistent with paragraph 55 of the NPPF which seeks to promote sustainable development in rural areas and ensure housing is located where "... it will enhance or maintain the vitality of rural communities".

### *5 year land supply*

The Council have stated their intention in LP3 to use the Liverpool methodology when considering any backlog that may arise during the plan period. This approach to assessing housing land supply is not consistent with Planning Practice Guidance (PPG) which states at paragraph 3-035:

*Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible.*

Whilst this statement is made with regard to backlog at the start of the plan period it remains relevant when assessing five year housing supply during the implementation of the plan. The evidence provided by the Council, if accurate, indicates that the Council

has enough sites to deliver sufficient homes across the plan period. The Liverpool method is often promoted by authorities with plans based on large scale strategic allocations that will mean the bulk of development is delivered late in the plan period. Delaying the delivery of any backlog using the Liverpool approach can take account of such scenarios.

However, there is no evidence to suggest the Council should be applying the Liverpool approach within this plan. Over delivery in the early years of the plan should provide the Council with a sufficient buffer when delivery is expected to drop below the annual target in the latter years. Should there be any backlog in the early part of the plan it will be vital for them to address this within five years to prevent it being pushed towards the end of the plan period and, potentially, leading to Council failing to meet its housing requirement in full.

In order to be considered consistent with national policy, the final paragraph of LP3 should be replaced with one that states that the Council will use the “Sedgefield” approach with any backlog, should it arise during the plan period, being delivered within five years.

#### **LP5 Urban extensions**

Whilst we support the encouragement of self-build housing through the local plan we consider the requirement for sites of over 500 to provide 1% and 5% of all homes on the site through the sale of serviced self-build plots is inconsistent with national policy. Whilst we recognise that Local Planning Authorities now have a duty to promote self-build housing we do not consider the Council to have looked at sufficient options with regard to how it can provide plots to support self-builders. Paragraph 57-024 of the PPG sets out a variety of approaches that need to be considered – including the use of their own land.

This is reiterated in para 57-14 of the PPG which sets out the need for Council's to consider how they can support the delivery of self-build plots through their housing strategy, land disposal and regeneration functions. We cannot find any evidence as to the Council's consideration of other reasonable approaches to delivery as suggested in PPG. Without such consideration it would appear that the Council is seeking to place the burden for delivery of self-build plots on house-builders without looking sufficiently at other delivery mechanisms as set out in national guidance.

The Council also needs to provide evidence as to whether the Council's approach is consistent with the third bullet point of paragraph 57-025 of PPG. This outlines that the Council should engage with landowners and encourage them to consider self-build and custom housebuilding. Given that the requirement for self-build has been placed on the allocated urban extensions we would expect to evidence that agreements have been agreed with the appropriate land owner that they consider these to be acceptable. If not the approach taken by the Council moves beyond encouragement as it requires land owners to bring forward plots for self and custom build housing.

It is also important to set out what would happen should plots provided for self-build remain unsold. Where plots are not sold it is important that the Council's policy is clear as to when these revert to the developer. At present this policy makes no such provision, as such it is ineffective. We would suggest that the policy state that if a plot remains unsold after 6 months of it being offered on the open market then it should revert back to the developer to be delivered as part of the overall scheme. We would also recommend that if development of a purchased plot has not commenced within three years of purchase that the buyer be refunded and the plot reverts to the developer. It is important that plots should not be left empty to detriment of its neighbours or the development as a whole.

### **LP7: Health and Well Being**

#### The requirement for Health Impact Assessments 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.

### **LP8: Meeting Housing needs**

#### The policy is unjustified and inconsistent with national policy

We are concerned that the cumulative impact of the policies in the local plan could make development in the Borough unviable. In particular we are concerned that combined impacts of the 30% affordable housing target and the requirements regarding the optional accessibility requirements will render development in lower value areas unviable. 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). PPG also sets out the importance of considering the additional impact on viability of requiring new homes to be built to the optional technical standards.

It must be remembered that 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 for the Councils to understand and test 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”*.

The results of the viability testing as set out in Appendix II of the Local Plan Viability Assessment. In particular we have noted that in applying the 100% M4(2) and 5% M4(3) standards the RLV in the lowest value areas is compromised by the cumulative impacts of LP8. Tables 1i and 1q of Appendix II provides examples of the sensitivity of viability from this additional costs with lower value development scenarios being pushed into marginal or negative viability. This situation is also identified in the conclusions of the Viability Study. Paragraph 3.5.6 and 3.5.7 of the study suggests that careful consideration must be given in requiring homes to be delivered to the optional technical standards given the cumulative impacts of the policy requirements being set by the Council. We are concerned that there is clearly significant sensitivity in the viability of development within Peterborough. Any increase in cost, or reduction in values, is likely to have a significant impact on sites being brought forward.

Therefore whilst we appreciate that the Council is willing to negotiate where development is made unviable by the Council's policies we would suggest that policies are set that will mean negotiation is the exception rather than the rule. As such we would recommend that either the affordability housing requirement or the optional accessibility standards be reduced in order to support delivery. This would be a positive approach to delivery as required by paragraph 14 of the NPPF and ensure policy LP8 is justified and consistent with paragraphs 173 and 174 of the same document.

In addition to the policies impact on viability we are also concerned that the Council's evidence on need does not support the requirement in LP8 for all homes to be built to optional standard M4(2) of the Building Regulations. Paragraph 6.3.9 of the Local Plan outlines the Council's reason for adopting the requirement for all new homes as being to ensure “... sufficient choice in the market place for people particular needs”. Whilst we recognise that there may be the need to provide some market homes to the higher access standard in order to provide choice within the market there is not sufficient evidence to say that all new homes should be built to this standard.

The Council's evidence on its ageing population, for example, is not unusual and is not a phenomenon specific to Peterborough. If it had been the Government's intention that such generic arguments justified requiring all new homes be built to the higher optional standards for adaptable accessible dwellings then the logical solution would have been to incorporate the standards as mandatory via the Building Regulations, an approach the Government has not taken forward.

It would also seem from the Council's evidence presented in Appendix 1 of the Evidence Report on Policy LP8 suggests that needs are likely to be significantly lower than that which would be delivered through the Council's policy. Table 6 indicates that,

there will be 6,980 homes that will meet part M4(2) as a result of adaptations made by the Council, or by individual households themselves. This would appear to indicate that there is a need for a further 3,362 accessible and adaptable homes to meet needs during this period. During this period there should have been an additional 15,298 new homes delivered through the local plan. To suggest that all these should be built to part M4(2) is clearly not supported by the Council's evidence.

Given that the evidence in relation to both need and viability does not support the requirement for all homes to be built to part M4(2) we consider this policy to be unsound. We strongly suggest that the requirement in relation to M4(2) be substantially reduced.

Finally, the second paragraph under the section titled "Dwellings with High Access Standards" 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 the appropriate relevant paragraph of LP8 mentioned above should be deleted.

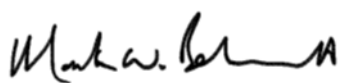
## **Conclusion**

At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 182 of the NPPF, in the following key areas:

- The requirement for Health Impact Assessments in LP7: Health and Well Being is ineffective and unnecessary
- The inclusion of large sites and garden land development in the calculation of windfall is inconsistent with national policy and overestimates delivery
- Use of the "Liverpool" method to assessing the five year land supply is inconsistent with national policy and unjustified
- The requirements relating to the optional accessibility standards in policy LP8 is not has not been justified and are inconsistent with national policy

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



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