

Central Bedfordshire Council  
Priory House  
Monks Walk  
Chicksands  
SG17 5TQ

22/02/2017

Dear Sir/ Madam

**Response by the House Builders Federation to the Central Bedfordshire Pre-Submission Local Plan 2015-2035**

Thank you for consulting the Home Builders Federation (HBF) on the Pre-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 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 Strategic Housing Market Assessment (SHMA) considers Central Bedfordshire to be covered by a number of functional housing market areas (HMA). This is inevitable given nature of housing markets in the wider south east where commuting and migration are complex. As such we would not disagree with the assessment made by

the Council that the best fit housing market for Central Bedfordshire covers both the Council's area and Luton Borough Council to form a "Luton HMA". However, as the SHMA correctly indicates it is important that the Council looks to co-operate with neighbouring authorities recognising that housing delivery in Central Bedfordshire could meet the unmet needs arising in a number of adjoining HMAs.

The outcome of the joint working between Luton and Central Bedfordshire is evident in the plan. The Councils have prepared a joint SHMA and Central Bedfordshire have set out in policy SP1 that their growth strategy includes the delivery of 7,350 new homes to address the unmet needs of Luton. But it must be noted that the inspector's report on the Luton Local Plan identified unmet needs of 9,300 dwellings. Whilst a further 1,950 homes have been proposed to meet this shortfall in the North Hertfordshire Local Plan this is still out to examination. We would suggest a clause be added to policy that the plan will be reviewed should North Hertfordshire not be able to meet the needs of Luton BC as indicated in their Local Plan.

What is less clear is the degree of co-operation between Council and the authorities in the other HMAs that cuts across Central Bedfordshire. Given that there are numerous HMAs that includes parts of Central Bedfordshire it is essential that there are clear agreements regarding housing needs and how these are being met. In particular we would expect to see that the Council has co-operated effectively with Milton Keynes, Bedford and Aylesbury Vale to ensure that housing needs are being met in their respective HMAs and will not require support from Central Bedfordshire in meeting housing needs.

The Council have stated that they will produce statements of common ground prior to submission. However, these have not been published as part of this consultation. As such it is impossible to say whether or not we consider sufficient work has been undertaken to satisfy both the legal and policy aspects of the duty to co-operate.

### **Policy SP1: Growth Strategy**

#### The policy is unsound as it has not been justified

The Council have committed to delivering 39,350 new dwellings between 2015 and 2035. 7,350 of these homes are to meet the unmet needs arising from Luton with the remaining 32,000 to meet the objectively assessed housing needs (OAN) of Central Bedfordshire in full. The Council's latest Strategic Housing Market Assessment published in December 2017 concludes that the Objectively Assessed Housing Needs (OAHN) for the Borough are 31,778 between 2015 and 2035 (1,589 dwellings per annum). However, we are concerned that the Council is looking to constrain delivery through their assessment of housing needs which we do not consider to be consistent with Planning Practice Guidance.

Our particular concerns with regard to the approach taken by the Council in assessing housing needs are:

- The use of a ten year migration trend
- The limited uplift following consideration of the market signals

- A confused position regarding market uplifts and concealed/homeless households

### *Demographic starting point*

The Government have made it clear that the household projections produced by the Department for Communities and local Government are "...statistically robust and are based on nationally consistent assumptions". This position was reiterated in the recent consultation paper "Planning for the Right Homes in the Right Places" which also comments on the robustness of these projections saying in paragraph 16: "*The office for National Statistics projections for numbers of households in each local authority are the most robust estimates of future growth*". So the starting point for any assessment of housing need is that the assumptions made in the official population and household projections are robust and as such there will need to be strong reasons for departing from these.

The SHMA proposes that local circumstances should be taken into account in relation to the demographic starting point for the calculation of OAHN and argues that population growth has been significantly lower than current estimates, principally as a result of un-attributable population change in the census period. The result of this reduction in the demographic starting point is that the Council, even with a 10% market signals uplift, will deliver 2,800 homes fewer than is suggested will be needed for Central Bedfordshire by the DCLG household projections. This is a significant reduction to the official projections that could lead to a worsening of the affordability within the area and additional pressure being placed on neighbouring authorities to address any shortfall should the Council be wrong.

On examining UPC in Central Bedfordshire there does appear to be a degree of uncertainty as to how to account for the adjustments made to mid-year estimates during the Census period. Mid-Year Estimates (MYE) were reduced during this period to ensure alignment between the two datasets and this adjustment was not taken forward into the MYE beyond 2011. On the basis of this accounting adjustment the Council has decided to significantly reduce net inflow of migration on the basis of the quality assurance data produced by ONS – in particular the Patient Register. This approach assumes net migration of 1,700 people per annum for the period 2002 to 2015 which when projected forward reduces population growth, and in turn restricts the increase in households. Whilst reasonable to consider other sources of data we are concerned that the report does not consider the limitations of this data. Errors in patient registers, delays in patient registration and patients registering with private practices would all reduce the numbers on these registers. The 2,500 difference in population growth between the two data sets is less than 1% of those on the patient register and it is not unreasonable that the limitations of the register could lead to the differentials set out in the SHMA.

In addition the Council have applied a 10 year migration period within their assessment of population growth. We note that the SHMA states in paragraph 3.34 that it "favours" the use of a 10 year trend in relation to assessing the impacts of migration on population growth within the HMA. The argument set out to support this position is

based on preference rather than evidence. Interestingly the SHMA references the fact that a five year trends used in the 2012 based projections were considered to be unduly affected by the recession in 2008. Given that we are now nearly 10 years on from the recession it is only the longer term trend that would take into account the particular migratory patterns resulting from the global financial crisis. It is interesting to note that the Council's favoured ten year trend includes two years (2008/2009 and 2009/2010) where migration fell significantly below the levels seen before or after – as can be seen in the table below.

<b>Year</b>	<b>internal in</b>	<b>Internal out</b>	<b>Internal net</b>
2001/2002	13,839	12,824	1,015
2002/2003	13,601	12,537	1,064
2003/2004	13,309	12,252	1,057
2004/2005	12,949	11,837	1,112
2005/2006	13,298	12,056	1,242
2006/2007	13,721	12,428	1,293
2007/2008	12,727	11,659	1,068
2008/2009	10,930	10,752	178
2009/2010	12,048	11,540	508
2010/2011	12,518	11,203	1,315
2011/2012	14,022	12,033	1,989
2012/2013	14,144	11,913	2,231
2013/2014	14,773	12,941	1,832
2014/2015	14,968	12,621	2,347
2015/2016	15,116	12,748	2,368

PPG is clear that any decision to move away from the official projections should be justified and given the limited evidence provided in the SHMA we do not consider the move to a ten year trend to be justified. In fact we consider the use of the ten year trend in this situation to have an unduly negative effect.

When taken together the reduction based on UPC and the ten year migration trend have the effect of significantly reducing the demographic starting point. We recognise that the UPC does leave a degree of uncertainty over the accuracy of the official projections. However, the difficulty of significantly reducing population growth on this basis is that if it is not correct it will continue the trend of poor affordability that have come from not meeting housing needs. It also does not signify a particularly positive approach to planning that is required by paragraph 14 of the NPPF. Whilst we accept the level of uncertainty created regarding UPC we do not support the use of 10 year trends when assessing housing needs. The use of a ten year trend in the SHMA includes a period of significantly reduced migration following the financial crisis which should not be influencing the delivery of housing over the next 20 years.

The Government also refers in PPG to the official projections to being nationally consistent. This is an important element in planning for growth and can be lost where local adjustments are applied. These consistently applied assumptions ensure that estimates of household growth are consistent across the Country allowing for more effective cross border planning not just of housing needs but also health services, school places and social services. Therefore, to move away from the official projections requires a robust justification as to why an area is unlikely to see the levels of household growth forecast. PPG sets out examples of these such as growth arising from an urban extension, the relocation of a major employer to the area or an expansion of education facilities.

Given the uncertainties we would suggest that the only positive course of action would be to use the 2014 based DCLG household projections when assessing the housing needs of Central Bedfordshire. This dataset provides a robust consideration of a wide range of evidence, including patient registers, and as such should be considered the only appropriate demographic starting point for assessing housing needs in this HMA.

Therefore we do not consider there to be sufficient justification to move away from the 2014 based SNPP and DCLG household projections. The approach taken by the Council could significantly underestimate baseline housing needs leading to a plan that delivers insufficient land for the number of homes required to address future needs let alone past undersupply that has led to increasingly unaffordable housing.

### *Market signals*

Since the publication of the PPG, the approach taken to market signals and the degree to which Councils have responded to these signals has varied considerably. The PPG provides no detail as to the how much of an uplift is necessary in relation to the nature of market signals in area. Until recently the only guidance came from the Local Plan Expert Group who suggested uplifts of over 25% where affordability ratios showed house prices were more than 8 times local salaries. As such the degree of uplift that has been applied in different areas has been variable even where market signals have been similar. However, more recently we have seen uplifts of 15% to 20% being applied where market signals have shown a worsening position with regard to affordability. The most recent example is Waverley Borough Council<sup>1</sup> where the inspector agreed that a 25% uplift was required to address the considerable affordability concerns in that Borough where lower quartile affordability ratios are just over 15.

However, this lack of clarity on market signals has now been partly addressed with the publication of 'Planning for the Right Homes in the Right Places' in September 2017. This consultation set out the Government's proposals for assessing housing need using a standard methodology. Whilst this consultation and the methodology cannot be given any significant weight we do consider it to provide evidence as to the degree of uplift the Government thinks necessary where affordability is worst. The reason why this element should be given weight is the long term commitment by the Government to

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<sup>1</sup>[http://www.waverley.gov.uk/downloads/file/5963/waverley\\_local\\_plan\\_part\\_1\\_examination\\_insp\\_ectors\\_report](http://www.waverley.gov.uk/downloads/file/5963/waverley_local_plan_part_1_examination_insp_ectors_report)

deliver 300,000 homes every year. Unless there is a significant increase in delivery above household projections this level of delivery will not be achieved. In addition, if this rate of development is to have any impact on affordability, a key aim of the Government, then it will have to see the majority of the uplift beyond household projections in those areas that are least affordable.

The consultation proposes that where affordability ratios indicate house prices to be more than four times median local salaries then an uplift should be applied. The degree of uplift is also significant. Where, for example, house prices are eight times median salaries the uplift should be 25%. This approach is more in line with the approach suggested by the Local Plan Expert Group rather than the relatively limited response that has been made in many SHMAs since the introduction of PPG. The market signals for Central Bedfordshire would suggest that the current uplift of 10% is not sufficient and fails to provide the response to affordability concerns that is expected by Government. Both median and lower quartile work placed based affordability ratios are high at 10.36 and 11.49 respectively. On the basis of the Government's proposed methodology this leads to a 40% uplift above the demographic starting point.

It is not just affordability ratios that suggests a 10% uplift for market signals is insufficient. PPG also suggests LPAs look at house prices and the rates these have changed. House prices in Central Bedfordshire have seen rapid increases in recent years with lower quartile prices having increased by £53,500 (34%) since 2013. When considered alongside the affordability ratios the suggest a housing market under considerable pressure from increasing demand for new homes. It also suggests that affordability is as much to do with rising house prices as to their relative value against the back drop of low wage inflation.

In our response to the consultation on the draft local plan we suggested that an uplift of at least 20% was required. We would suggest that the standard methodology would indicate that even this degree of uplift is insufficient if the Council is to meet need arising from household growth and improve affordability within Central Bedfordshire.

#### *Concealed and homeless households*

In paragraph 4.78 of the SHMA it states that the addition of concealed and homeless households to the demographic starting point should be considered as part of the market signals uplift. This seems to misunderstand the purpose of the market signals uplift and amendments to take account of demographic considerations. The SHMA considers that the projections used to calculate the number of households from population growth have not taken account of concealed or homeless households. This position is then confirmed by paragraph 3.113 of the SHMA which states: "*This analysis has identified the need to increase the overall housing need by 1863 household to take account of concealed families and households that **would not be captured by household projections***" (our emphasis). As such there is a need to ensure that these are included in the demographic assessments of housing need.

Market signals however are indicators as to whether there is an under supply of housing in general that needs to be addressed by providing more new homes. The

number of concealed homes is just one indicator alongside affordability, land values, house prices, rents and rate of development. In considering any uplift the Council should take account of these market signals and provide an uplift on the demographic assessment of need. As the adjustment for concealed households is being made to take account of a demographic consideration then this should not be subtracted from the market signals uplift. Whilst the approach taken by the Council has only reduced the uplift from 10% to 9% we consider it important to ensure that the demographic elements of OAN are kept separate from the market signals uplift.

### *Conclusions on OAN*

We do not consider the OAN to be sound. The decision to amend the official household projections produced by the DCLG has not been justified and the proposed uplift of 10% to take account of market signals is insufficient and does not reflect the severity of the affordability concerns within the Borough. The approach taken by the Council should be reconsidered to ensure that the Council does not under estimate housing needs which will do nothing to address the worsening affordability seen in this area. This means that the Council's housing requirement does not provide the necessary boost to housing delivery and is insufficient at present to ensure the housing needs of the HMA are met in full as required by paragraph 47 of the NPPF.

### **Housing Supply**

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 is not using a stepped trajectory. This approach is consistent with the approach set out in PPG.

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. Any undersupply across the period can then be offset with the allocation of small and medium sites that will be deliverable within the plan period. 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.

## **Policy H1: Housing Mix**

### Policy H1 is unsound as it is inconsistent with national policy

The NPPF establishes in both paragraph 17 and 154 that policies in the plan should be clear and practical framework with which decision can be made with a high degree of predictability and efficiency. This policy does not achieve this key principle. It provide no guidance as to what mix should be appropriate and whether this will be different for different sizes and types of residential development. In effect this policy requires an applicant to decide what would be an appropriate mix from 8 different evidence base documents set out in paragraph 11.1.3. As such it provides no certainty as to whether the mix put forward by the applicant will be acceptable. There is a strong possibility that a policy so lacking guidance will lead to inconsistent decision making and unnecessary refusals. To be considered sound this policy must provide clear guidance as to the required mix of houses.

## **Policy H2: Housing standards**

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

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 35% of new homes should be built to this standard. It would seem from the supporting statement to the policy in the Local Plan that the Council are yet to do much of the analysis of need that is necessary to inform the requirements proposed in policy H2.

Paragraph 56-007 of PPG requires local authorities to demonstrate the need for the optional technical standards to be applied to new homes. This evidence should include the likely future need for housing for older and disabled people, the accessibility and adaptability of existing stock, the different needs across tenure and the overall impact on viability. Whilst the Council have set out that demand for more accessible homes is likely to increase there is no analysis as to how many existing homes are accessible or the different needs across different tenures. For example the Council do not seem to have considered the fact that a proportion of those in need of accessible homes will go into specialist accommodation or whether it would be appropriate to have a differential proportion between market and affordable homes. Therefore we do not consider the Council to have provided the evidence required by national policy to justify 35% of all new homes being built to the optional standard M4(2). Without this evidence it is not possible to determine an appropriate level at which to set this requirement.

Finally, the second bullet point under of this 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 the appropriate relevant paragraph of H2 mentioned above should be deleted.

### **Policy H3: Housing for older people**

Policy H3 is unsound as it is inconsistent with national policy

As we have outlined in our response to policy H1 the NPPF establishes in both paragraph 17 and 154 that policies in the plan should be clear and practical framework with which decision can be made with a high degree of predictability and efficiency. This policy is poorly worded and provides no guidance as to what is expected of an applicant. For example, the third bullet point requires the provision of accommodation for older people in various forms of tenure type but gives no indication as to the relative split between tenures. Similarly the 6<sup>th</sup> bullet point requires the provision of bungalows and level access development but gives no indication as to the proportion of the development that should be such dwellings.

Finally, there is significant cross over between these bullet point and policy H2. If the Council is already requiring a proportion of homes as being built to both part M4(2) and M4(3) why is it also requiring level access properties and bungalows. This policy must be redrafted to provide greater clarity to both applicants and decision makers with regard to the Council's expectations regarding housing for older people.

### **Policy H4 Affordable housing**

Policy H4 is unsound as it is inconsistent with national policy

The Council should remove the statements "... *Subject to NPPG future revision and future relevant case law*" and "*This proportion may change in accordance to the most up to date SHMA, in which event new proportions should be applied*". Should the Council consider it necessary to amend policies for whatever reason it must be through a review of the local plan and as such subject to the necessary scrutiny this process affords all interested parties.

### **Policy H7: Self and Custom Build Housing**

The policy is unsound as it is not consistent with national policy and is ineffective.

Whilst we support the encouragement of self-build housing through the local plan we do not consider the requirement for sites of over 10 to provide up to 20% service plots for self and custom house building to be justified or consistent 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.

We also consider the policy to be inconsistent 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. The approach taken by the Council moves beyond encouragement and requires land owners to bring forward plots. We would therefore suggest that the policy be deleted and replaced with a policy that seeks to encourage the provision of self-build plots on developments of over 100 units.

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.

Finally it is unclear why the 5<sup>th</sup> bullet point has been included in this policy. There should be no reason to reiterate the Council's policy on affordable housing delivery which has already been set out in policy H4.

#### **HQ7: Public Art**

##### ***This policy is unsound as it is not consistent with national policy***

Planning Practice Guidance sets out the situation with regard to existing legislation on planning obligations. In particular it states that:

*“Planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms. Planning obligations may only constitute a reason for granting planning permission if they meet the tests that they are necessary to make development acceptable in planning terms, directly related to the development and fairly and reasonably related in scale and kind”* (Ref: 23b-001-20161116).

The Council have not established within the plan or the supporting evidence base how it considers public art to meet any of these tests. Whilst we recognise that public art can play a role in making interesting and exciting public spaces if the Council is to require any development of more than 100 units to have public art it must have evidence to show how this policy meets the required tests in relation to all such sites. The Council has set out its expectations with regard to the need for development to be of high quality and this should be sufficient. If the developer in agreement with the Council consider public art to be appropriate then this should be considered on a case by case

basis rather than in the prescriptive manner set out in this policy. Without such evidence this policy cannot be justified and cannot be shown to be consistent with either policy or legislation and as such is unsound and should be deleted.

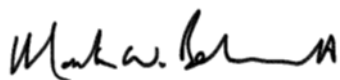
## **Conclusion**

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 use of the 10 year migration trend to reduce the demographic starting point has not been justified and the response to market signals is insufficient and not in line with Government expectations;
- Policy H1 on housing mix provides no indication as to how and applicant nor decision maker should act and is therefore ineffective and inconsistent with national policy;
- The requirement for 35% of homes to be built to M4(2) in policy H2 has not been sufficiently justified in line with the requirements of PPG and the requirement for some market homes to be built to M4(3) is inconsistent with national policy;
- Parts of policy H4 are inconsistent with national policy
- Policy H7 on self and custom build homes is too prescriptive and inconsistent with national policy
- Policy HQ7 is inconsistent with national policy and regulations relating to planning obligations.

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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