

Sent by email to: LP2018@stalbans.gov.uk

20/02/2017

Dear Sir/ Madam

Response by the House Builders Federation to the St Albans Local Plan 2020-2036 Regulation 18 consultation

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

Whilst we are pleased to see that the Council has begun the process of preparing a new local plan the consultation that has been published does not offer much in the way of progress. Given that much of the evidence required to make these decisions is available to the Council we would have expected more progress to have been made and that clear options for the delivery of much needed housing development to have been identified.

The current consultation is limited in its scope and as such our comments focus on the steps the Council must take to secure a sound plan, namely:

- Ensuing effective co-operation in line with the duty to co-operate;
- A policy compliant assessment of housing need; and
- An effective assessment of the degree to which the Green Belt meets the purposes set out in paragraph 79 of the National Planning Policy Framework (NPPF) and the exceptional circumstances required to amend Green Belt boundaries.

Duty to Co-operate

The Council does not need to be reminded that one of the key failings of its last local plan was with regard to the Duty to Co-operate. This has been recognised in the latest AMR which also indicates that joint working is progressing in some areas, such as with Dacorum Borough Council and in relation to cross border development at Hemel Hempstead. However, the Council continue to refer to the East of England Plan with regard to such development. It is important that the Council looks to current policy and

makes joint decision with its neighbouring authorities as to how they can best meet the housing needs of the area. The authority should establish which HMA it is located in and ensure there is a clear framework for working with these authorities in order to meet housing needs in full. In particular the Council will need to consider the unmet needs of neighbouring authorities such as Welwyn Hatfield who have stated in their local plan, which is currently being examined, that they will not be able to meet their housing needs.

The Council will also need to engage with relevant London Borough's and the GLA. Whilst the Mayor has stated in the new London Plan that it will be able to meet the housing needs of the Capital the HBF are less certain. We are already aware that some outer London Boroughs, which see a significant increase in their housing targets compared to the current London Plan, baulking at what they are being expected to deliver. The Council will, therefore, need to be certain that those London Borough's with strong links to St Albans will be able to meet the targets in the London Plan, especially as the Mayor is looking to prevent London Borough's from amending Green Belt boundaries.

Housing needs

At present the Council have no up to date Strategic Housing Market Assessment (SHMA) that is compliant with national policy. The most up to date evidence base relating to housing needs would appear to be the 2016 Housing Needs Assessment update. Whilst this document does consider the most recent household projections published by Government, it does not consider market signals and merely provides an assessment as to the demographic starting point for considering its objective assessment of housing needs (OAN). The approach taken from this point will clearly depend upon the outcome of the consultation on the Standard Methodology for assessing housing needs. Using this method the Council should be looking to plan for a minimum of 913 dwellings per annum.

However, we recognise that the standard methodology could be amended in the light of consultation and cannot, at present, be given significant weight. It is important to consider housing needs on the basis of the approach set out in Planning Practice Guidance (PPG). In particular the Council need to consider market signals which indicate the housing market in St Albans is under severe pressure due to the Council 's failure to plan for more housing. St Albans is the 6th least affordable areas in the Country in relation to lower quartile house prices. What is also concerning is that the Borough has seen a steep decline in affordability. The Lower Quartile income to house price ratio has risen from 9.85 in 2009 to 18.44 in 2016. What is clearly shown just from this one indicator is that the area has not been delivering sufficient housing to meet its needs and this lack of growth is driving house prices significantly above its neighbouring areas.

Evidence on past supply would also suggest a significant uplift is required. Based on the Council's own evidence there has been significant shortfall in housing delivery. To just keep pace with demographic growth the Council would have needed to deliver 639 homes per annum between 2011 and 2017. Delivery in the last three years has been

significantly below that level. Between 2014 and 2017 the Council under delivered by 862 dwellings. We could not find evidence for delivery between 2011 and 2014 but on the basis of this evidence suggests an under supply well in excess of 1000 homes. Any uplift for a plan considering delivery in 2020 to 2036 will need to ensure that the uplift takes this backlog into account, and the fact that this will have effected household growth during this period.

Since the publication of 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 significant 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 Council¹ 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 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.

We would therefore suggest that the Council plans for at least 900 new homes per annum as indicated in the standard methodology. This would equate to a 38% uplift on DCLG's 2014 household projections, as adjusted for vacancy's and second homes by the Council, and should be considered an adequate response to the market signals. Even if the Standard Methodology is not introduced it is clear that this degree of uplift

¹http://www.waverley.gov.uk/downloads/file/5963/waverley_local_plan_part_1_examination_inspectors_report

would be appropriate on the basis of current policy. By taking a more positive approach and seeking to meet this higher level of housing need the Council will be better able to ensure that its Local Plan is in conformity with national policy and lead more swiftly to its adoption.

Green Belt

In order to meet housing needs in a sustainable manner then the Council will need to release land from the Green Belt for development. There are clearly the exceptional circumstances required by national policy to support the Council in taking such an approach. The sheer degree of unaffordability on its own would be sufficient but alongside the scale of housing needs that its neighbours are in a similar position would also weigh heavily in favour of amending Green Belt boundaries. We would also suggest that the approach taken by the Council with regard to its Green Belt review is unsound. Within the study the Council has also included a local purpose to maintain the existing settlement pattern. This would appear to be an attempt to extend purpose 2 (to prevent towns from merging) to settlements that cannot be considered as towns. This purpose should not be given any weight when considering the amendment of Green Belt boundaries as it has no basis in national policy.

Approach to development

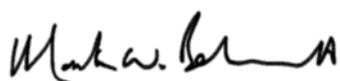
The Council have identified five ways to deliver more homes. Given the scale of the housing needs within St Albans and the surrounding Borough's it is likely that the Council will need to use each of these approaches in order to meet its development needs. By preparing a local plan that offers a breadth of development opportunity from higher density development in urban areas through to new settlements the Council are more likely to provide the most sustainable and deliverable approach to development.

Conclusion

In order to meet housing needs the Council must rapidly progress to regulation 19 consultation identifying sufficient land to meet its housing needs. The delay in preparing the plan is not only placing pressure on the housing market in St Albans but also in neighbouring authorities. It is therefore imperative that St Albans moves quickly in the preparation of its plan and allocates sufficient sites to meet its housing needs.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully



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