

Planning Policy Group
PO Box B93
Civic Centre 3
Market Street
Huddersfield, HD1 2JR
Email: local.development@kirklees.gov.uk

16/12/16

Dear Sir / Madam,

Kirklees Local Plan: Publication Draft

1. Thank you for consulting with the Home Builders Federation (HBF) on the Kirklees Local Plan: Publication Draft
2. The HBF is the principal representative body of the house building industry in England and Wales and our representations reflect the views of our membership of multinational PLCs, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year including a large proportion of the new affordable housing stock.
3. We would like to submit the following comments.
4. **The HBF would also like to attend the examination in public to debate these matters further.**

General Comments

5. The HBF is keen to work with the Council in order to achieve an adopted local plan which enables an increase in the rate of house building across Kirklees. It is pleasing to note that the Council has modified the plan since the last stage of consultation. In some cases these modifications address our previous concerns.
6. There are, however, a number of key areas where our concerns remain and it is considered that the plan would benefit from further evidence prior to submission, or as main modifications to the submission document. The following comments are provided based upon our substantial experience of local plan examinations across the country.

Duty to Co-operate

7. The *November 2016 Duty to Co-operate Interim Statement* is noted and welcomed. This document provides evidence that meetings have taken place and joint studies with neighbouring authorities have been undertaken. The principal concern of the

HBF is that of meeting housing needs and delivery. In this regard it is noted that Kirklees intends to meet its own objectively assessed needs within its own boundary and whilst it has been approached by other local authorities it is not intending to assist any other authority in meeting its needs (paragraph 5.17 Duty to Co-operate Interim Statement).

Vision and Strategic Objectives

8. The HBF generally welcomes the vision and strategic objectives which provide a positive statement upon the ambitions of the Council and the plan. The references to “...*encouraging inward investment and stimulate economic growth...*” and “...*mix of high quality housing which offers choice and meets the needs of all our communities including affordable housing...*” are particularly welcomed.

Spatial Development Strategy

The proposed housing requirement is considered unsound as it is not justified, positively prepared or effective.

9. The Spatial Development Strategy suggests an objectively assessed housing need (OAN) and housing requirement of 31,140 dwellings over the period 2013 to 2031, or 1,730 dwellings per annum (dpa). The key elements of the evidence base used to derive the housing figure are the 2016 *Kirklees Strategic Housing Market Assessment* (2016 SHMA), July 2016 *Kirklees Additional Scenario Analysis* and October 2016 *Kirklees Demographic Scenarios*. The HBF has not, at this stage, undertaken any of its own demographic analysis and rather has sought to provide comments based upon the information contained within these three key documents.
10. The 1,730dpa requirement represents an increase upon the figure identified in the Draft Local Plan, which is welcomed, it is also directly related to a single jobs-led scenario (Jobs-led (July 2016) - SENS 1) . The overall methodology for deriving the housing need and requirement figure is generally considered appropriate. We do, however, have a number of concerns in relation to the assumptions applied within the methodology, these are discussed in greater detail against the component elements of the OAN and housing requirement below.

Demographic issues

11. The modelling work undertaken by Edge Analytics utilises three different headship rates to model the impact of the various scenarios. These headship rates

are those within the 2008 based sub-national household projections (2008 SNHP), the 2012 SNHP and the most recent 2014 SNHP. The 2014 SNHP are used to derive the preferred OAN for Kirklees (paragraph 6.40, 2016 SHMA). The utilisation of the 2014 SNHP as a starting point is supported and considered consistent with the PPG. The 2014 SNHP are driven by three key elements; natural change (births and deaths), migration (international and national) and headship rates. Whilst the study takes account of natural change and the potential changing patterns of migration there is no consideration of whether the headship rates within the 2014 SNHP should be modified.

12. This issue of headship rates is particularly important within the 25 to 44 year old age group, which will have the highest propensity to form households and take-up jobs. This group were particularly hard-hit by the recession and as such the household representation rates are likely to have been significantly depressed. A significant rise in this age group to take-up the new jobs provided within Kirklees will inevitably lead to higher rates of household formation than has been projected within the 2014 SNHP. The HBF considers it would be prudent to consider an uplift in headship rates amongst this group, to reverse the negative trend. It is also notable that the Government is actively trying to boost home ownership, particularly amongst younger age groups through initiatives such as *'Help to Buy'* and *'Starter Homes'*. The PPG notes that the household projections do not take account of such policy interventions by Government (PPG ID 2a-015).
13. This view is supported by paragraphs 6.13 to 6.15 of the 2015 Planning Advisory Service guidance¹ (2015 PAS Guidance) which suggests that alternative scenarios are tested. In addition the recent Local Plan Expert Group (LPEG report) in its recommendations to Government² identifies that consideration should be given to amending the headship rate for 25 to 44 year olds.
14. Whilst it is recognised that the 2008 and 2012 SNHP headship rates are modelled these are used for little more than comparative purposes. There is no discussion upon whether a full or partial catch-up to previous rates should be considered or why the 2014 SNHP headship rates are the most appropriate for Kirklees over the plan period. A sensitivity test which considers a full or partial catch-

¹ Planning Advisory Service (2015): Objectively Assessed Need and Housing Targets: Technical advice note

² Local Plan Expert Group (2016): Report to the Communities Secretary and to the Minister of Housing and Planning (Appendix 6)

up to the 2008 headship could be utilised to consider this issue in greater detail. Such an approach has been considered in numerous other OAN studies.

15. The HBF therefore recommends further consideration be given increasing the household formation rates across all age cohorts but particularly the 25 to 44 age group. It is also notable that whilst pre-recession unemployment rates are considered realistic by the studies, pre-recession headship rates are discounted. The reasoning behind this is unclear.

Economic Issues

16. The preferred housing requirement is based upon the Jobs-led (July 2016) - SENS 1 scenario. Whilst the HBF is supportive of aligning housing need with economic projections we do have a number of concerns with the assumptions used in relation to economic activity rates, unemployment and overall economic growth.

17. Both the 'Core' Jobs-led (July 2016) and Jobs-led (July 2016) SENS1 scenarios assume changes in economic activity rates within the older population, fixed commuting ratio and reduced unemployment. The changes to economic activity rates within the older population and fixed commuting ratio are considered appropriate. It is, however, notable that the SENS1 scenario takes economic activity rates further by retaining the economic activity rate at the current levels of 68% for the labour force, defined as the 16 to 74 year age group. This is considered an optimistic assumption given the aging nature of the Kirklees population and higher percentage of those over 64. Whilst the HBF consider economic activity amongst older persons will increase it is unlikely to be as significant as required under this scenario. The 2015 PAS Guidance advises against over-optimistic assumptions in relation to economic activity rates. To do so would put the economic potential of the area and the plan in jeopardy. Therefore without justifiable evidence the HBF questions the utilisation of the sensitivity tests in determining the overall housing requirement. The HBF consider the assumptions on economic activity rates within the 'Core' scenario to be more appropriate, yet still aspirational.

18. In terms of unemployment the 'Core' and 'SENS1' scenarios differ in that the unemployment rates reduce to 4.5% and 4% by 2020 respectively, this is an area of contention. It is understood that a 4.5% unemployment rate represents the pre-recession average. This would appear to be an aspirational yet realistic assumption to make, as such the HBF can see the logic in this assumption. The 'SENS1' scenario reduces this unemployment rate further to 4%. Whilst the decrease in

unemployment to 4% is a laudable aim its realism and justification is questioned. Interrogation of the ONS statistics for unemployment indicates that unemployment rarely, if ever, reaches such low levels within Kirklees³. The realism of such a low level being retained over the plan period is therefore questioned.

19. The effect of the 'SENS1' scenario is to reduce housing need from 1,999 to 1,730dpa. This is a significant reduction in need and in our opinion is not considered realistic.

20. Both the 'Core' and 'SENS1' scenarios are based upon a job creation figure of 1,293 jobs per annum which roughly correlates to employment scenario 2⁴ of 23,000 jobs over the plan period. This is a significant drop from the previously stated 32,200 jobs over the plan period (2013 to 2031) identified within the Draft Kirklees Plan which was based upon the same strategies and a 75% employment rate. Therefore whilst the plan housing and job requirements now appear to align the aspiration within the much lower job creation figure is questioned.

Market Signals

21. The HBF is pleased to note that the 2016 SHMA provides a longer time period for the consideration of some market signals compared to its 2015 counterpart. This accords with our previous comments. In conformity with the PPG (ID 2a-019) the market signals analysis within the 2016 SHMA considers house prices, rents, affordability, rates of development and overcrowding. According to the PPG a worsening trend in any indicator requires an upward adjustment to planned housing numbers compared to ones based solely on household projections (paragraph 2a-020). Whilst considering the aforementioned signals the 2016 SHMA only provides a very cursory consideration of land prices (paragraph 5.6). Whilst it is recognised information is often difficult to attain its omission provides an incomplete picture.

22. The 2016 SHMA consideration of market signals concludes, paragraph 5.16, that Kirklees is a relatively stable market and that no uplift to the OAN is required. The HBF agrees that some of the market signals tested would not, at face value, appear to indicate a need for a significant uplift of the housing number. In our view the exceptions to this are rate of development, rents, overcrowding and affordability.

³ www.nomisweb.co.uk

⁴ Kirklees MC (2016): Employment Technical Paper

23. The assessment of rates of development is considered to lack a thorough analysis. Whilst Kirklees has done better than the comparator areas in terms of the quantum increase, it has been lower than the national trend. In coming to conclusions upon this increase it should be considered that at least one comparator area, Rochdale, has been subject to significant demolition through Housing Market Renewal programmes over recent years. The large scale of demolitions will inevitably have impacted upon the net development rates within this comparator area. Furthermore whilst the Kirklees figure only lags marginally behind the national average this must be considered in the context of a national housing crisis and the lack of delivery to meet needs nationally. Therefore the fact that Kirklees lagged behind the national average, even marginally, is a cause for concern.
24. In addition an analysis of delivery against the housing targets for Kirklees provides further evidence that an uplift may be required. Table 1 of the Council's 2016 *Housing Technical Paper* Council identifies under-delivered against the former RSS targets by 1,385 dwellings or approximately 11% of the requirement.
25. In terms of rents it is noted that they have risen considerably quicker than most comparator areas and the national average. The Rental Affordability Ratio (RAR) stood at 25.9% in 2015. In such cases the LPEG report advises that a 10% uplift is required. Similarly the CLG figures on the affordability⁵ of house prices indicate a worsening picture across Kirklees. In 2015 the ratio of median house prices to median earnings stood at 5.64. Once again the LPEG report advocates a 10% uplift in such cases.
26. Overcrowding whilst showing positive reductions is still above the national average of 3.1%, standing at 4.8%. Finally the imbalance of affordable housing need stands at 1,049 dwellings. This represents nearly 61% of the proposed housing target. This suggests a real need to address the issue. In such cases the PPG advises;

'An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes'. (ID 2a-029)

⁵ CLG Live Tables 576 and 577

27. In light of the above market signals the HBF recommend that a moderate uplift is considered. The examinations of Eastleigh and Uttlesford and the LPEG guidance suggests a 10% uplift may be appropriate.

Conclusion

28. Whilst the increase in the housing requirement from the previous draft of the plan is welcomed it is not considered that it sufficiently addresses the needs within Kirklees. Our key concerns relate to the sensitivity test within the Jobs-led (July 2016) SENS1 scenario and lack of uplift to headship rates. These are considered to significantly dampen the likely level of need within the district. The HBF therefore recommends that further analysis of the robustness of the sensitivity tests and changing headship rates are undertaken and more realistic assumptions applied. Based upon the evidence provided by the Council it is anticipated that the actual level of need is likely to be nearer to the 1,999dpa identified in the 'Core' Jobs-led (July 2016) scenario.

Policy PLP6: Safeguarded Land

The policy is considered unsound as it is not justified, effective or consistent with national policy.

29. The HBF supports the principle of identifying safeguarded land. This is consistent with the NPPF, paragraph 85. However, the quantum of safeguarded land identified is not justified and will not be effective in ensuring the Green Belt boundaries do not require further amendments at the next Local Plan review.

30. The NPPF, paragraph 85, identifies that where necessary Local Plans should provide safeguarded land to meet longer term development needs stretching "*...well beyond the plan period...*" and that local authorities should satisfy themselves that Green Belt boundaries "*...will not need to be altered at the end of the development plan period...*". Furthermore NPPF paragraph 83 is clear that once established Green Belt boundaries should be "*...capable of enduring beyond the plan period...*". There is therefore an in-built presumption within the NPPF that where it is justified to amend Green Belt boundaries this should be undertaken as part of the local plan process and that the new Green Belt boundaries should not require alteration at the end of the plan period.

31. Whilst there have been numerous interpretations of the above requirements the HBF consider that a 15 year time horizon post plan period should be adopted.

This would accord with the NPPF preference for Local Plans to be drawn up over a 15 year time horizon (paragraph 157). To ensure that Green Belt boundaries within Kirklees are not required to be altered at the end of the plan period sufficient safeguarded land to meet development needs until at least 2046 should be identified.

32. The quantum of safeguarded land provided equates to just 4,000 dwellings (*Strategies and Policies document*, paragraph 6.30), once dwellings anticipated to be delivered beyond the plan period are taken into account this expands to 6,000 dwellings. This is less than four years supply of housing land, post plan period. This would not appear to comply with the NPPF requirement for Green Belt boundaries to be “...capable of enduring beyond the plan period...”.
33. The HBF is aware that there may be other potential sources of supply beyond the plan period. Unfortunately neither the plan, nor its current evidence base provides any assurances in this regard.
34. It is recommended the Council provide further evidence upon the proposed longevity of the Green Belt boundary provided by the allocated quantity of safeguarded land and any other sources of supply. If it is found that this is likely to require further amendments to the Green Belt boundary at plan review the Council should either allocate further safeguarded land, or provide justification for its approach in the context of NPPF, paragraphs 83 and 85.

Policy PLP9: Supporting skilled and flexible communities and workforce

The policy is considered unsound as it is not justified or effective.

35. It is noted that the policy has been amended since the draft to include ‘*Where possible*’ at the start of paragraph 2. Whilst this change is supported and partially addresses some of our concerns the policy still places significant emphasis upon the requirement to contribute to the creation of local employment opportunities and to support growth in the overall proportion of local residents in education or training.
36. The HBF is supportive of delivering appropriate employment and training opportunities. The requirement for this to form part of a planning obligation is not, however, supported. The inclusion of additional items to planning obligations not only slow down the planning process but also add additional financial burdens to the development industry. It is notable that the 2015 *Local Plan and Community*

Infrastructure Levy study whilst noting that this policy will have an impact upon viability (table 2.1) does not make specific allowance for the requirement due to the difficulties in assessing the cost implications.

37. The Council will also be aware that many of our members have their own training programmes, this should be recognised. Furthermore from April 2017 many firms will also be subject to the Apprenticeship Levy. In addition the HBF, in conjunction with the Construction Industry Training Board (CITB), has also launched a skills infrastructure programme to promote and support Workforce Development across the industry. The partnership will support over 3,500 construction businesses and, by 2019, train 45,000 new entrants and 1,000 experienced workers with the new homebuilding training qualifications.
38. The HBF therefore recommends that, in the event that the policy can be justified, reference be made to other training and education programmes being able to fulfil the requirements of the policy. To do otherwise would duplicate effort and may undermine existing programmes.

Table 5: Meeting the Housing Requirement

The sources of supply identified in the table are considered unsound as they will not be effective to ensure that the plan requirement is met.

39. The table identifies there has been 1,706 net housing completions during the first two years of the plan. Based upon the proposed housing requirement this leaves a remaining net requirement for 29,439 dwellings. The HBF notes that the net requirement figure is likely to have reduced due additional housing completions since 1st April 2015.
40. It is noted that a 10% lapse rate has been applied to planning permissions which are not Local Plan allocations. The inclusion of a lapse rate is supported and accords with our comments upon the previous version of the plan. Whilst lapse rates should ideally be based upon local evidence the 10% lapse rate accords with a number of appeal decisions, notably Rothley (appeal reference: APP/X2410/A/13/2196928) and Honeybourne (APP/H1840/A/12/2171339).
41. The inclusion of a consideration upon the scale of likely demolitions is also supported. This is considered to provide a pragmatic response to the likely levels of

demolition over the plan period and whilst monitoring will be required it will assist in enabling the Council to meet its net minimum housing requirement.

42. The plan is still heavily reliant upon delivery from windfalls at 450 per annum from 2020. The plan therefore requires 4,950 windfalls over the plan period. This represents over 15% of the minimum net housing requirement. Failure to deliver this level of windfalls will have implications for the delivery of the plan and its ambitions.
43. The HBF supports no windfall allowance being included prior to 2020. This should ensure that there is not any double counting with existing permissions. It is also noted that the amount of windfalls represents a reduction in historic windfall delivery. Again this is supported and whilst windfall delivery has been high in the past this must be considered in the context of an out of date plan. The Council's 2016 *Housing Technical Paper* provides a reasoned justification for the reduction of this source of supply (paragraphs 4.24 to 4.27). The HBF also note that the effect of having an up to date plan with allocations and a more robust and fine grained evidence base, through the 2014 *Strategic Housing Land Availability Assessment* (SHLAA) also provide further justification for moving away from past trends.
44. Whilst the reduction upon historic rates is supported the figure of 450dpa does appear rather arbitrary. The NPPF, paragraph 48, requires an assessment of whether windfalls will continue to provide a reliable source of supply in the future. This element of the assessment is currently absent from the 2016 *Housing Technical Paper* and 2014 SHLAA. In determining future windfall supply it is important to consider the likelihood of continued delivery from different elements of the supply, such as small sites, changes of use and permitted development. This assessment should be made in the context of a new plan with new allocations and the more comprehensive assessment included within the SHLAA. Whilst it would appear appropriate to include a small sites allowance, as these are not captured by the SHLAA, larger sites are likely to reduce significantly. It is therefore recommended that further analysis be undertaken of the sources of windfall supply and consideration given to their likely delivery over the plan period.
45. It is noted that no allowance is made with regards to empty homes being brought back into use. This is supported and will provide a small element of flexibility to the plan.

46. Taking account of the various sources of supply identified in table 5 it is noted this leaves a minimum requirement for 21,324 dwellings over the plan period. Whilst the plan seeks to meet this requirement it does not provide a realistic buffer of potential sources of housing supply to ensure that the housing requirement is met in full. This is required to ensure that the plan is flexible and can deal with changing circumstances (both NPPF requirements), such as the under or none-delivery from allocations. This is particularly important in Kirklees due to the recent history of under-delivery against housing targets. Furthermore given the plan housing requirement is identified as a minimum it stands to reason that the plan should seek to surpass this requirement.
47. The need for a buffer is also supported by the LPEG report. The report recommends a 20% buffer of reserve sites be provided to ensure that the plan can maintain a five year supply and respond flexibly and rapidly to change. The HBF agrees with this stance.

Delivery and Implementation

48. This section identifies a number of mechanisms which will be considered if the delivery against the trajectory is failing. Whilst the HBF supports all of these mechanisms many should be undertaken as a matter of course to ensure that delivery is maintained. The section does not provide any clear guidance upon when full or partial plan review would be triggered.
49. To aid transparency the HBF would welcome the inclusion of review triggers within the plan.

Policy PLP11: Housing Mix and Affordable Housing

The policy is unsound as it is not justified by the evidence.

50. This policy deals with both housing mix and the requirements for affordable housing. Each element is considered separately below.

Housing Mix

51. The HBF supports the need to deliver a mix of housing and agrees that this should take account of the SHMA. The figures within the SHMA should, however, be viewed as indicative targets only and not detailed prescriptions for all schemes of 10 units or more. This is because the SHMA only provides a snap-shot in time

and the needs will vary both geographically and over-time. Therefore rigid requirements would not be appropriate, particularly in a diverse district such as Kirklees. Furthermore issues such as viability, site characteristics and market demands should also be taken into account to ensure delivery of the overall housing requirement is achieved.

52. The Council should also have regard to its own aspirations for economic growth. The achievement of growth will be reliant upon attracting investors to locate to Kirklees. Part of this investment will be based upon the housing offer available and being planned. To attract such investment there is likely to be a need for an element of aspirational housing. This will also help to ensure working families are retained within the area and not lost to other areas.

Affordable Housing

53. The HBF is pleased to note that the policy has been amended from the draft plan and reference to an 'at least' figure has been removed. This is supported and brings the policy wording into line with the NPPF. The HBF also supports the retention of the viability clause, again this is considered appropriate and in conformity with the NPPF.

54. The viability of the 20% affordable housing target across the whole of the district is questioned. The outputs of the Council's 2015 *Kirklees Local Plan and Community Infrastructure Levy* study indicates difficulties of such a target within 'value areas' 4 and 5. Indeed the conclusions to the report (page 69) state;

'... a 20% affordable housing requirement is not viable in all value areas and therefore we believe there is a case for variation with a lower rate in Value Areas 4 and 5, which could also help to incentivise development.'

55. The updated evidence within the 2016 *Kirklees Local Plan and Community Infrastructure Levy Addendum* provides no further comfort given the appraisal results set out within table 3.2. Whilst it is recognised the strategic sites have been assessed separately this impact upon viability is particularly concerning given that these areas include the main urban areas of Huddersfield and Dewsbury where a significant amount of development is intended to be focused. Given these results it is unclear why the Council has not taken the advice contained within the evidence and lowered its affordable housing requirements within these zones.

56. The viability study is based upon a number of assumptions, some of which are not considered to be representative of actual operational costs. The Council will be aware that the HBF and a number of our member companies made submissions to a stakeholder questionnaire which was used to inform the study. These comments are still considered valid.

57. The policy makes no reference to the impending introduction of *Starter Homes*. It is recognised this is an evolving policy area and that the details of the scheme were not available at the time of publication of this consultation. It is, however, considered appropriate that the Council consider the implications and an appropriate policy response prior to submission.

Policy PLP 24: Design

The policy is unsound as it is not justified.

58. The HBF is supportive of good design and indeed is part of the Building for Life Partnership and many of our members actively seek to implement its recommendations. The policy contains a number of good design criteria which are not disputed. However 'Part D' of the policy requires a number of sustainability criteria which must be fulfilled. The policy, nor the supporting text, identify whether all of these requirements are considered mandatory for all developments, or whether they are examples of sustainability issues which could be included. Good examples are (iv) which suggests the inclusion of renewable energy and (v) which identifies the provision of electric vehicle charging points in new developments. On these issues energy requirements in new dwellings is now a matter solely for the Building Regulations. In terms of electric vehicle charging points the NPPF, paragraph 35, is clear they should only be provided where practical and by no means seeks this to be a requirement for every property.

59. The impact of the policy requirements is also not considered within the Council's 2015 *Kirklees Local Plan and Community Infrastructure Levy*. Table 2.1 of this study suggests no cost implications associated with this policy⁶. This is clearly not the case and as such the HBF recommend that the policy clearly state that the Council will encourage rather than require the inclusion of these criteria.

⁶ The 2016 Addendum does not provide any further update on this matter.

Information

60. The HBF would like to be made aware of the following;
- Submission of the plan for examination;
 - The publication of the examiner's recommendations and any publicly available correspondence regarding the plan; and the
 - Adoption of the plan.
61. I would be happy to discuss any of the issues raised in this representation further prior to submission of the document.

Yours sincerely,

MJ Good

Matthew Good
Planning Manager – Local Plans
Email: matthew.good@hbf.co.uk
Tel: 07972774229