

Ashfield District Council Urban Road Kirkby-in-Ashfield Nottingham NG17 8DA

SENT BY E-MAIL AND POST

19 December 2016

Dear Sir / Madam

ASHFIELD LOCAL PLAN PRE SUBMISSION CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing. We would like to submit the following representations and in due course attend the Local Plan Examination Hearing Sessions to discuss matters in greater detail.

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 twenty three paragraphs of the National Planning Practice Guidance (NPPG) provide more detail about the Duty. 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. A fundamental outcome 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 (para 182).

It has been determined that Ashfield District Council is a constituent part of the Outer Nottingham HMA together with Mansfield and Newark & Sherwood District Councils. At this time the three Outer Nottingham HMA authorities have committed to meeting their own OAHN within their respective administrative boundaries so no unmet housing needs arise in the HMA. It is also noted that Ashfield is bordered by five other neighbouring authorities namely Nottingham City, Gedling, Broxtowe (which together form the Greater Nottingham HMA), Bolsover (part of the North Derbyshire / North Nottinghamshire HMA) and Amber Valley (part of the Derby HMA) District Councils. It is acknowledged that

these adjacent HMAs are also proposing to meet their own OAHN within each HMA respectively. However the Hucknall sub area of Ashfield is identified as having particularly strong links with Nottingham city and the Greater Nottingham HMA. The Plan should provide greater clarity about this inter-relationship and cross boundary working arrangements regarding safeguarded land adjacent to Hucknall but within Gedling's administrative boundary and Nottingham city's economic growth proposed on Rolls Royce employment land.

When the Ashfield Local Plan is submitted for examination it should be accompanied with an up to date Statement of Compliance with the Duty to Cooperate.

OAHN and Housing Requirement

In Bullet Point (2) of **Policy S2 – Overall Strategy for Growth** the Council proposes a housing requirement of at least 7,683 dwellings (480 dwellings per annum) plus 400 residential care (C2) bed-spaces for the plan period of 2016 – 2032.

This proposal is based on the OAHN calculation as set out in the Outer Nottingham 2015 SHMA Report. This Report calculates OAHN for the Outer Nottingham HMA which is then divided between the three District authorities and in the case of Ashfield further sub-divided into three local housing markets comprising of North (Sutton in Ashfield & Kirkby in Ashfield), South (Hucknall) and the Rural Areas. A summary of the Council's calculation of OAHN follows:-

- The starting point is 2012 SNPP / 2012 SNHP household formation rates (HFR) which identified household growth of 398 per annum for Ashfield. This household growth was converted into dwellings per annum by the application of a vacancy & second home allowance which resulted in 412 dwellings per annum (Table 17 SHMA Report);
- The sensitivity testing of migration trends and UPC assumptions resulted in an increase to 469 dwellings per annum based on 12 year migration patterns and inclusion of UPC (Table 19 SHMA Report);
- Jobs led modelling which resulted in no further adjustment;
- An analysis of market signals which demonstrated worsening trends in more than one indicator together with supressed HFR in younger age groups. This analysis resulted in an uplift to 480 dwellings per annum as the OAHN for Ashfield District Council;
- A separate assessment of affordable housing needs identified a need for 164 affordable homes per annum for which there is no further adjustment to the overall OAHN to help deliver affordable housing needs.

The HBF submits the following commentary on the Council's OAHN :-

It is agreed that the Council's starting point and adjustments to demographic projections following sensitivity testing are reasonable and consistent with the NPPF and NPPG. The conversion of household growth to dwellings is also reasonable. However since the Council's calculation of OAHN the 2014 SNHP have been published. The Council should confirm whether or not a reassessment of OAHN is necessary because a meaningful change has been identified by the publication of these projections as set out in the NPPG (ID 2a-

016-20140306). It is noted that the 2014 SNHP indicate household growth of 449 households per annum which is more than 10% higher than the Council's demographic starting point.

On economic growth the Council's jobs led modelling comprised of the Experian baseline job growth scenario resulting in 372 dwellings per annum (Table 27 SHMA Report) and the Experian & Nathanial Lichfield Partners (NLP) Land Forecasting Study "policy on" scenario resulting in 409 dwellings per annum (Table 29 SHMA Report). On the basis of these figures the Council considered that no further upward adjustment to OAHN was required.

However the number of jobs generated by the policy on scenario is 9,746 which is below the Policy S2 Bullet Point (5) (a) target of at least 10,725 jobs meaning that the Council's economic growth and housing provision strategies are misaligned. The HBF also notes that the Council has used only one economic forecast prepared by Experian. At other Local Plan Examinations (for example South Worcestershire and Stroud) Inspectors have suggested using more than one forecast. It has been observed at Examinations where more than one forecast has been used that Experian is usually the most pessimistic in its economic growth forecasting. It is also noted that the Experian data dates from 2014 and again from other Examinations more up to date economic forecasts have been seen to be less pessimistic in outlook. As acknowledged by the Council the use of alternative employment rates in the calculations would have produced different results. In this context the employment rates used for both male and female groups aged over 50 as set out in Table 26 of the SHMA report look very optimistic. For these reasons the HBF considers that the Council may have under-estimated this aspect of its OAHN calculation resulting in a misalignment of housing and economic strategies.

With regards to market signals the Council's analysis identifies increases in overcrowding and houses in multiple occupation together with increasing affordability pressures despite relatively low house prices because of lower than average wages in the locality. This worsening of market signals is also noted in the latest ONS House Price Index which identifies an increase of 9.2% in house prices in Ashfield for the period September 2015 (£119,447) – September 2016 (£130,468) a percentage increase above the average for England. In acknowledgement of these worsening trends in market signal indicators and to improve affordability for younger age groups the Council has applied an uplift equivalent to +11 dwellings per annum or 2.5% uplift.

It is agreed that an adjustment to HFR in younger age groups is appropriate (NPPG para 2a-017-20140306) as the applied methodology of the SNHP is reliance upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest SNHP continue to be affected by suppressed trends in HFRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households. There is also evidence to show that HFR for these groups are likely to recover as the economy improves (see Town & Country Planning Tomorrow Series Paper 16, "New estimates of housing demand and need in England, 2001 to 2031" by Alan Holmans). However this adjustment is considered necessary as an adjustment to the

demographic starting point rather than as a market signal adjustment. The approach recommended in the Local Plans Expert Group (LPEG) Report March 2016 for a standard methodology for OAHN proposes separate adjustments to both HFR in younger age groups and for worsening market signals. The LPEG Report recommends a demographic adjustment of 50% between 2012 and 2008 HFR in younger age groups (see Flowchart Steps A & B in Appendix 6 of LPEG Report) together with a market signal uplift of up to 25% dependant on house price and rental affordability ratios (see text in Appendix 6 of LPEG Report). Therefore the use of a modest HFR adjustment in younger age groups as a mechanism to respond to market signals is not considered to provide a significant enough adjustment to properly account for identified worsening market signals.

It is also noted that the Council is arguing that the overall uplift from the starting to finishing point is 16% however it should be remembered that the adjustment earlier in the calculation was as a result of sensitivity test which demonstrated that the original demographic starting point may have been an under-estimation rather than to address worsening market signals. As previously stated the 2014 SNHP are 10% higher than the Council's demographic starting point. Furthermore in comparison as a market signal adjustment the LPEG Report recommends an uplift of up to 25% dependant on house price and rental affordability ratios (see text in Appendix 6 of LPEG Report). Therefore an overall uplift of 16% is modestly conservative.

In assessing affordable housing needs the Council tested a number of scenarios for the percentage (25%, 30%, 35% and 40%) of household income spent on housing. The affordable housing need of only 164 affordable homes per annum is based on the 30% scenario. This figure represents a dramatic reduction from the 25% scenario of 280 affordable homes per annum. The Council's choice of the 30% scenario as its assessment of affordable housing needs should be fully justified so the Council is not seen to be under-estimating its affordable housing needs. If the affordable housing need is 280 affordable homes per annum equal to 58% of the overall OAHN or 164 affordable homes per annum (34%) affordable housing delivery from private sector cross subsidy (S106 Agreements) is limited by viability constraints. Even at the proposed affordable housing requirement of 10% viability is marginal. As there will be a significant difference between affordable housing need and supply the Council should have given greater consideration to increasing housing supply to deliver more affordable houses (NPPG ID 2a-029-20140306) without any uplift to help deliver affordable housing it is inevitable that some affordable housing needs will remain unmet.

By way of comparison in Canterbury an uplift of 30% to meet affordable housing need is proposed (paras 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset the Council applied an uplift of 44% (paras 77 & 78 BANES Core Strategy Final report 24 June 2014). Most recently the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy Inspector's Interim Conclusions propose a 5% uplift to help deliver affordable housing needs. Similarly the Forest of Dean Inspector is suggesting a 10% uplift in his Interim Findings "to seek to deliver all of the identified affordable housing need as a proportion of market housing would result in unrealistic and undeliverable allocations. But it does not

necessarily follow that some increased provision could not be achieved ...I consider that an uplift of 10%, which has been found reasonable in other plan examinations, would be more appropriate here" (para 63). The LPEG Report also recommends significant uplifts to meet in full OAHN for affordable housing (Flowchart Steps C & D in Appendix 6 of LPEG Report).

In conclusion the HBF is concerned that the Council has under-estimated the calculation of OAHN regarding economic growth, market signals and affordable housing needs and its delivery. Therefore the uplifts applied in the calculation of OAHN are too low. It is recommended that the Council reviews its proposed housing requirement before submission of the Local Plan for examination.

Housing Land Supply (HLS)

A three tiered settlement hierarchy is set out in **Policy S3 – Settlement & Town Centre Hierarchy** comprising:-

- Sutton in Ashfield (including Huthwaite, Stanton Hill & Skegby), Kirkby in Ashfield (including Kirkby Woodhouse, Annesley Woodhouse & Nuncargate) Hucknall and areas adjacent to Mansfield are proposed as the Main Urban Area where the largest scale of growth is proposed;
- Selston, Jacksdale, Underwood, Annesley, Bestwood & Brinsley are proposed as Named Settlements, where small scale growth is proposed;
- The remainder of the District is designated as Countryside & Green Belt where limited infill development in the Green Belt villages of Bagthorpe, New Westwood, Jubilee and New Selston and in the rural villages in the countryside will be permitted.

The Council is distributing 65% of the housing requirement to Sutton in Ashfield and Kirkby in Ashfield. **Policy SKA3** allocates 45 sites for approximately 5,132 dwellings. 30% of the housing requirement is distributed to the local housing market area of Hucknall. **Policy HA3 – Housing Land Allocations for Hucknall Area** allocates 2,158 dwellings on 19 sites. The remaining 5% of the housing requirement is distributed to the Rural Areas and **Policy RA2** allocates approximately 358 dwellings on 6 sites.

If it is determined that the Council's housing requirement should be increased because of an under-estimation of OAHN then a corresponding increase in site allocations will also be necessary. It is noted that the Council is providing a variety of sites in its proposed site allocations ranging from sites of 6 to 900 units. When allocating any additional sites the Council should continue with this approach of maximizing housing supply via the widest possible range of sites, by size and market location so that house builders of all types and sizes have access to suitable land in order to offer the widest possible range of products. The key to increased housing supply is the number of sales outlets. Whilst some sustainable urban extensions (SUEs) may have multiple outlets, in general increasing the number of sales outlets available means increasing the number of housing sites. The maximum delivery is achieved not just because there are more sales outlets but because the widest possible range of products and locations are available to meet the widest possible range of demand.

It is noted that Bullet Point (2) of Policy S2 prioritises brownfield land. This prioritising of brownfield land is inconsistent with national policy. The core planning principle set out in the NPPF (para 14) is to "encourage the effective use of land by re-using land that has been previously developed (brownfield land)" such encouragement is not setting out a principle of prioritising brownfield before green-field land. The NPPF also states that "LPAs may continue to consider the case for setting a locally appropriate target for the use of brownfield land' (para 111) but again there is no reference to prioritising the use of brownfield land. The Council's sequential approach relates back to previous national policies which are now inconsistent with current national policy. In his determination of the Planning Appeal at Burgess Farm in Worsley Manchester (APP/U4230/A/11/215743) dated July 2012 (4 months after the introduction of the NPPF) the Secretary of State confirms that "national planning policy in the Framework encourages the use of previously developed land but does not promote a sequential approach to land use. It stresses the importance of achieving sustainable development to meet identified needs" (para 17). It is suggested that the wording of Policy S2 Bullet Point (2) is changed to delete the word "prioritise" so it reads "effectively use brownfield land"

The HBF recommends as large a contingency as possible (circa at least 20%) for both the 5 Years Housing Land Supply (YHLS) and overall HLS to provide sufficient flexibility for unforeseen circumstances and in acknowledgement that the housing requirement is a minimum not a maximum figure. Table 1 -Dwelling Requirement & Provision 2013 – 2032 identifies an overall housing land supply of 8,467 dwellings against a housing requirement of 7,683 which represents only 10% contingency (after small deductions for lapse rates and no windfalls in first 5 years) in the overall HLS for the plan period. The Department of Communities & Local Government (DCLG) presentation slide from the HBF Planning Conference in September 2015 illustrated a 10 - 20% nonimplementation gap together with a 15 – 20% lapse rate. The slide emphasised "the need to plan for permissions on more units than the housing start / completions ambition". The recently published Local Plans Expert Group (LPEG) Report also recommends that "the NPPF makes clear that local plans should be required not only to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term (over the whole plan period), plus make provision for, and provide a mechanism for the release of, developable Reserve Sites equivalent to 20% of their housing requirement, as far as is consistent with the policies set out in the NPPF" (para 11.4 of the LPEG Report).

The Council's 5 YHLS calculation is set out in Appendix 2. The calculation is based on the application of the buffer to both the housing requirement and shortfalls as well as a Sedgefield approach to recouping shortfalls in the first 5 years which accord with HBF preferences. However the Council should provide a fuller justification for using only 5% buffer which results in 6.7 years supply rather than 20% buffer. The Council should provide a re-calculation based on 20% buffer.

The HBF do not comment on the merits or otherwise of individual sites therefore our representation is submitted without prejudice to any further comments made by other parties on the deliverability of specific sites included in the Council's housing trajectory. However as set out in Appendix 2 it is noted that

the 44% (1,471 dwellings) of the Council's 5 YHLS is dependent on allocations currently without planning permissions and a further 22% (734 dwellings) currently only have outline consents. Therefore it is essential that the Council's assumptions on lead-in times and delivery rates of sites set out in its housing trajectory are realistic based on evidence supported by the parties responsible for housing delivery and sense checked by the Council based on local knowledge and historical empirical data. If other parties are able to demonstrate that the Council's assumptions about its HLS are not robust the Council's 5 YHLS may reduce below 5 years on adoption. Without reasonable certainty that the Council has a 5 YHLS the Local Plan cannot be sound as it would be neither effective nor consistent with national policy and by virtue of the NPPF (para 49) all housing policies in the Plan (see Court of Appeal Judgement Richborough Estates Partnership LLP v Cheshire East Borough Council & SoS CLG (C1/2015/0894)) would be instantly out of date on adoption.

It is noted that under **Policy HG4 – Housing Mix Bullet Point (5)** the Council proposes that the inclusion of self-build and / or custom build plots on sites will be encouraged. The HBF supports self-build / custom build in principle for its potential additional contribution to the overall housing supply where this is based on a positive policy approach by the Council to increase the total amount of new housing development and meet an identified and quantified self-build / custom build housing need. When encouraging self-build / custom build the Council should give due consideration to the practicalities of implementing any such policy including health & safety implications, working hours, length of build programmes, etc. Any policy to encourage self-build / custom build should also consider viability, specific site circumstances and evidence of an identified demand for such housing.

Housing Standards

The Deregulation Act 2015 specifies that no additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings should be set in Local Plans other than the nationally described space standard, an optional requirement for water usage and optional requirements for adaptable / accessible dwellings.

For energy performance the Council was only able to set and apply a Local Plan policy requiring an energy performance standard that exceeded the energy requirements of Building Regulations until commencement of amendments to the Planning and Energy Act 2008 in the Deregulation Act 2015 that date has now expired. So whilst the Council may still specify the proportion of energy generated from on-site renewables and / or low carbon energy sources it cannot set a local standard for energy efficiency above the current 2013 Building Regulations standard. Therefore Policy CC1 Zero & Low Carbon Developments & Decentralised, Renewable & Low Carbon Energy Generation Bullet Point (1) "all new residential development proposals are to achieve the highest level of energy efficiency and carbon reduction measures exceeding National Housing Standards" is unsound due to inconsistency with national policy. This policy together with reference to "zero carbon targets for housing" in the Vision should be deleted.

The Written Ministerial Statement (WMS) dated 25th March 2015 confirmed that "the optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the NPPG". Policy CC2 Water Resource Management Bullet Point (9) requires that residential development will implement water efficiency measures to achieve a requirement of 110 litres per person per day which the Council justifies in para 8.27. As set out in the NPPG (ID 56-015) the need for and viability of opting for a water consumption standard higher than that required by Building Regulations should be fully justified. The Greater Nottingham & Ashfield Water Cycle Strategy 2010 is now somewhat dated. If the Council intends to rely upon this evidence to justify Policy CC2 Bullet Point (9) the report should be up dated. If the Council wishes to adopt the higher optional standard for water efficiency the Council should only do so by applying the criteria set out in the NPPG. The Housing Standards Review was explicit that reduced water consumption was solely applicable to water stressed areas. The NPPG (ID 56-013-20150327 to 56-017-20150327) refers to "helping to use natural resources prudently ... to adopt proactive strategies to ... take full account of water supply and demand considerations ... whether a tighter water efficiency requirement for new homes is justified to help manage demand".

Policy HG4 – Housing Mix Bullet Point (2) requires that all new residential development will contain adequate internal living space in accordance with the nationally described space standard. With particular reference to the nationally described space standard the NPPG (ID: 56-020) confirms "where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies". If the Council wishes to adopt this standard it should be justified by meeting the criteria set out in the NPPG including need, viability and impact on affordability. The Council has not provided sufficient evidence to justify adoption of the nationally described space standard. It is recommended that Bullet Point (2) is deleted.

Policy HG4 – Housing Mix Bullet Point (3) also requires developments of more than 10 dwellings to provide 10% accessible / adaptable dwellings. Again the Council has not provided evidence to justify this policy proposal. The Council's evidence is generic rather than specific. If it had been the Government's intention that such generic arguments justified adoption of 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 which the Government has not done. Therefore it is incumbent on the Council to provide a local assessment evidencing the specific case for Ashfield which justifies this policy requirement.

Indeed this was acknowledged by the Council in para 13.20 of the preferred option documentation which stated that "Within the National Standards there is scope for some additional local standards related to access, water and space where there is considered a justified local need. At present such need has not been established by the Council, but further evidence base work may present need and justification at the Publication stage" (our emphasis). Since the preferred options consultation the Council has not provided any further justification for the requirements set out in **Policies CC2** and **HG4** which should be deleted.

Viability and Affordable Housing

Policy HG2 has been substantially changed since the preferred options consultation. **Policy HG2 – Affordable Housing (including Starter Homes)** proposes:-

Area	% Starter	% other forms of	% other forms of
	Homes	Affordable	Affordable
	required	Housing on	Housing on
		Greenfield sites	Brownfield sites
Hucknall	20%	20%	5%
Rural Area	20%	20%	5%
Sutton and Kirkby-in-	20%	10%	0%
Ashfield			
Applicable site thresholds	10+ dwellings	11+ dwellings	11+ dwellings

The proposed affordable housing site thresholds are consistent with national policy as per the Court of Appeal decision, subsequent changes to the NPPG and the Written Ministerial Statement dated 28th November 2014. However it is suggested that it would be less confusing if the applicable site threshold for the Starter Homes requirement was also 11+ dwellings.

If the Ashfield Local Plan is to be compliant with the NPPF then development should not be subject to such a scale of obligations and policy burdens that viability is threatened (para 173 & 174). 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 that the Council understands and tests 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". A whole plan viability should be undertaken to properly assess the cumulative effect of proposed policy requirements. The Council should be mindful that it is unrealistic to negotiate every site on a one by one basis because the base-line aspiration of a policy or combination of policies is set too high as this will jeopardise future housing delivery. Therefore site by site negotiations should occur occasionally rather than routinely. It is recommended that the wording "subject to viability" is inserted into Policy HG2 to provide the necessary flexibility and Policy HG2 is cross referenced to Policy SP5 - Assessing Viability.

Since the preferred options consultation the Council has undertaken a new viability assessment. This latest viability assessment demonstrates that viability is marginal. Moreover the Council's conclusions about viability are illogical. The Council is proposing that sites in Sutton in Ashfield and Kirby in Ashfield have remained viable at 10% affordable housing plus 20% starter homes compared to previous policy requirement of only 10% affordable homes meaning that the 20% discount on 20% starter homes provision has no impact on viability. Similarly in Hucknall and the rural areas a 5% reduction in affordable housing provision offsets 20% starter homes provision. Whereas the reality is a tradeoff of assumptions that restrict S106 payments to only £4,000 per dwelling and

a proposed range of CIL charges. If either assumption is incorrect development is unviable and affordable housing / starter homes will not be delivered on a policy compliant basis. Currently the Council is not achieving these proposed affordable housing provision as evidenced in its latest Annual Monitoring Report.

Furthermore **Policy HG2** should not be varied via an Supplementary Planning Document (SPD). The Council is reminded that the NPPF is explicit that an SPD should not add to the financial burden of development (para 154). The Regulations are equally explicit in limiting the remit of an SPD so that policies dealing with development management cannot be hidden in an SPD.

Conclusion

For the Ashfield Local Plan to be found sound under the four tests of soundness as defined by the NPPF (para 182), the Plan should be positively prepared, justified, effective and consistent with national policy. The Plan is considered unsound because of :-

- a potential underestimation of OAHN which is not based on the most up to date SNHP;
- the lack of flexibility and insufficient contingency in both the overall HLS and 5 YHLS;
- unjustified policy requirements for housing standards including energy efficiency & carbon reduction measures exceeding Building Regulations, the higher optional water efficiency standard, the nationally described space standard and the higher optional accessible & adaptable dwelling standard;
- an unviable affordable housing policy.

Therefore the Plan is considered to be inconsistent with national policy, not positively prepared, unjustified and ineffective. It is hoped that these representations are of assistance to the Council in preparing the next stages of the Ashfield Local Plan. In the meantime if any further information or assistance is required please contact the undersigned.

Yours faithfully for and on behalf of **HBF**

Susan E Green MRTPI Planning Manager – Local Plans