



Policy Team, Strategy & Development  
Sedgemoor District Council  
Bridgwater House  
King Square  
Bridgwater,  
Somerset  
TA6 3AR

SENT BY E-MAIL AND POST

17<sup>th</sup> March 2017

Dear Sir / Madam

## **SEDGEMOOR PRE SUBMISSION LOCAL PLAN 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 appear at future Examination Hearing Sessions to discuss these matters in greater detail.

### **Duty to Co-operate**

Under S110 of the Localism Act 2011 which introduced S33A into the 2004 Act the Council must co-operate with other prescribed bodies to maximise the effectiveness of plan making. The Duty to Co-operate requires the Council to "*engage constructively, actively and on an on-going basis*". The high level principles associated with the Duty are set out in the National Planning Policy Framework (NPPF) (paras 156, 178 – 181). In addition there are twenty three paragraphs in the National Planning Practice Guidance (NPPG) concerning the Duty. In considering if the Duty has been satisfied it is important to consider the outcomes arising from the process and the influence of these outcomes on the Local Plan. One required outcome is the delivery of full objectively assessed housing needs (OAHN) for market and affordable housing in a 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).

Sedgemoor is part of a wider Somerset HMA comprising of Mendip, Sedgemoor, South Somerset & Taunton Deane. At the time of this pre submission Local Plan consultation there is no Statement of Co-operation confirming that OAHN across the HMA will be met in full. By the time of the Sedgemoor Local Plan Examination a Statement of Common Ground explaining cross boundary working as proposed in the recently published Housing White Paper "*Fixing The Broken Housing Market*" may also be required. If Statement of Co-operation and / or Statement of Common Ground are prepared the HBF may wish to submit further comments on the Council's legal compliance with the Duty and any implications for the soundness of the Local Plan in its Examination Hearing Statements.

## **OAHN and the Housing Requirement**

**Policy S2 - Spatial Strategy for Sedgemoor - Scale of new development** proposes a minimum housing requirement of 13,530 dwellings (644 dwellings per annum) over the plan period 2011 – 2032. This is based on a District only OAHN set out in Sedgemoor SHMA Report by J G Consulting dated September 2016 which is summarised as follows :-

- 612 dwellings per annum from 2014 SNHP ;
- 635 dwellings per annum after 10 year migration trend adjustment ;
- 644 dwellings per annum after concealed households adjustment ;
- no increase above demographic projections based on the economic led modelling by Experian and no anticipated economic impact from development at Hinkley Point C.

The calculation of affordable housing need is 298 dwellings per annum which is 46% of overall housing requirement for the District.

The OAHN for the wider Somerset HMA set out in Mendip, Sedgemoor, South Somerset & Taunton Deane SHMA Report by J G Consulting dated October 2016 identifies an OAHN range of 568 – 601 dwellings per annum for Sedgemoor for the period 2014 – 39. Whilst both SHMA Reports use the same methodologies there are differences due to inconsistent period dates of 2011 – 2032 for the Sedgemoor only Report and 2014 – 2039 for the wider Somerset HMA Report. The cumulative effect of the exclusion of the period 2011 – 2014 and inclusion of the period of 2032 – 2039 lowers the average for Sedgemoor in the wider Somerset HMA Report.

It is agreed that 2014 SNHP are the correct demographic starting point for the calculation of OAHN. It is also agreed that the adjustments for 10 year migration trend and concealed households are appropriate. However the HBF submits the following criticisms :-

- more consideration should have been attributed to market signals and affordability given a house price to income ratio of 7.7. The NPPG

confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306) ;

- more consideration should have been attributed to a higher housing requirement to help deliver affordable housing given the significant need for affordable housing. As set out in the NPPG an increase in the total housing provision included in a Plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029-20140306) ;
- the Council's economic modelling is based on only one economic forecast by Experian. There is concern that the relationship between the Council's demographic and economic modelling is circular. The Council is referred to guidance contained in Chapter 8 Future Employment of the Planning Advisory Service (PAS) Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition dated July 2015 in particular reference to the difficulties involved in modelling if the resident population is both an input as well as an output of the model meaning the resultant housing need figure is just a reflection of the population assumption from which the economic model started because the model flexes variable factors such as commuting, double-jobbing, economic activity rates and unemployment that link population and jobs. The result is the appearance that more labour can be drawn from the resident labour supply without needing more houses when the opposite is in fact true ;
- the conclusions relating to the impact of Hinkley Point C on the housing market is unclear. The SHMA section on Hinkley Point C is predominately focussed on the rental market with no assessment of the total numbers of dwellings needed as a consequence of the development of Hinkley Point C.

In conclusion although the HBF notes that the proposed housing requirement has increased by 1,200 dwellings (or +9.7%) from 12,300 dwellings in the previous consultation document to 13,530 in the pre submission Local Plan it is considered that OAHN may have been under-estimated. Whilst this increased housing dwelling requirement is above historic housing delivery rates there remains concerns about whether or not it is sufficient to provide a significant boost to housing delivery in Sedgemoor in accordance with the NPPF (para 47) as well as providing enough flexibility to cope with any issues arising from the development of Hinkley Point C. As the Housing White Paper points out some Councils are not undertaking an honest assessment of housing needs and Plans are not providing enough land to meet these needs with Councils putting off difficult decisions. As a solution the Housing White Paper proposes a standard methodology for the assessment of housing needs / housing requirement. The Council should give consideration to the implications of this proposal. By the time of the Sedgemoor Local Plan

Examination it may be necessary for the Council to prepare an assessment of its housing needs based on this standard methodology especially given that from April 2018 this is the baseline against which the Council's 5 YHLS and Housing Delivery Test will be calculated in the absence of an up to date Local Plan (defined as a Plan that is less than 5 years old). When this information is available the HBF may wish to submit further comments on OAHN and the Council's housing requirement in its Examination Hearing Statements.

## **Housing Land Supply (HLS)**

**Policy S2 - Spatial Strategy for Sedgemoor – Settlement Hierarchy** sets out a seven tiered hierarchy as follows :-

- Principal Town - Bridgwater ;
- Market Towns - Burnham on Sea & Highbridge ;
- Tier 1 Settlements - Cheddar & North Petherton ;
- 6 named settlements in Tier 2 , 17 named settlements in tier 3, 10 settlements in tier 4, 20 named settlements in Tier 5 ;
- the remainder of the District defined as Countryside.

The strategic growth of the District is focussed :-

- 60% in Bridgwater with new strategic allocations proposed on 4 sites for 2,900 dwellings ;
- 15% in Burnham on Sea & Highbridge new strategic allocations proposed on 2 sites for 670 dwellings ;
- 13% in Tier 1, 2 & 3 settlements including new strategic allocations on 3 sites in Cheddar for 290 dwellings and on 2 sites in North Petherton for 270 dwellings. The 1,489 dwellings on Tier 2 settlements and below are unallocated. An additional Site Allocations document is proposed for Tier 2 settlements ;
- The remaining 5% is focussed elsewhere to meet the local needs of the District.

The Council's residual HLS is calculated as 6,848 dwellings as set out in Table 4.3. The SHLAA capacity within settlements is 1,336 dwellings as set out in Table 4.4. The overall HLS against a housing requirement of 13,374 dwellings provides no contingency or flexibility for unforeseen circumstances. The HBF would recommend as large a contingency as possible for both the overall HLS and 5 YHLS especially given that the housing requirement is a minimum not a maximum figure. The HBF always suggests a 20% contingency to provide sufficient flexibility for unforeseen circumstances. Indeed the Department of Communities & Local Government (DCLG) presentation slide from the HBF Planning Conference in September 2015 illustrated a 10 – 20% non-implementation 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 should give further consideration to allocation of reserved sites.*



In recent years there has been a 30-40% gap between permissions and housing starts

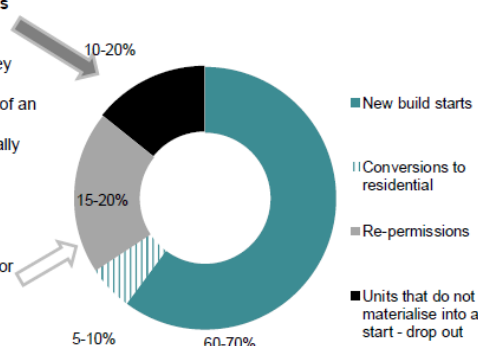
- **Gap of around 30-40%** between the number of permissions given for housing and starts on site within a year. Estimate that for a year's permissions for housing around:

- **10-20%** do not materialise into a start; the permission ‘**drops out**’: this could be because -
  - the landowner cannot get the price for the site that they want
  - a developer cannot secure finance or meet the terms of an option
  - the development is later not considered to be financially worthwhile
  - there are supply chain constraints hindering a start.

There may be scope to reduce this through policy.

- **15-20%** are not abandoned but a **re-permission** is sought, for example to make a major change to plans or to extend the development period.

- Recent data and realities of private market suggests need to **plan for permissions on more units than housing start/completion ambition.**



Extract from slide presentation “DCLG Planning Update” by Ruth Stanier Director of Planning - HBF Planning Conference Sept 2015

The Council’s latest 5 YHLS calculation shows 4.68 years based on 5% buffer and Liverpool approach to shortfalls. The HBF preference is for Sedgefield as set out in the NPPG. There is no justification for Sedgemoor to deviate from the Sedgefield approach in which case the Council’s 5 YHLS is even less than the 4.68 years stated. If there is not 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. Moreover if the Plan is not to be out of date on adoption it is critical that the land supply requirement is achieved as under paragraph 49 of the NPPF *“relevant policies for the supply of housing will not be considered up to date if the LPA cannot demonstrate a five year supply of deliverable housing sites”*.

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 HLS. Under the Housing White Paper’s proposals from November 2017 the Council will also be subject to the Housing Delivery Test. Therefore it is essential that the Council’s assumptions on lead-in times and delivery rates are realistic. These assumptions should be supported by parties responsible for delivery of housing and sense checked by the Council using historical empirical data and local knowledge. Indeed other parties may be

able to demonstrate that the Council's assumptions about the HLS are not robust.

For the Council to produce a sound Plan the Council should be considering the allocation of more sites. When allocating sites the Council should be mindful that to maximize housing supply the widest possible range of sites, by size and market location are required 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. 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 **Policy S4 – Sustainable Development Principles** proposes to prioritise previously developed land which is contrary to 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 (para 111) states that “*Local Planning Authorities may continue to consider the case for setting a locally appropriate target for the use of brownfield land*” but again there is no reference to prioritising the use of brownfield land. The Council's proposal to prioritisation 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 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 APP/U4230/A/11/215743) dated July 2012 (4 months after the introduction of the NPPF)). Therefore it is suggested that the wording of this policy is changed to encourage rather than prioritise the re-use of previously developed land which is unsound as it is inconsistent with national policy (NPPF para 182).

### **Viability and Policy Requirements including Affordable Housing**

**Policy D7 – Affordable Housing** proposes on sites of more than 6 dwellings 25% affordable housing provision and on sites of 11 – 15 dwellings 20% affordable housing provision subject to viability.

These proposed site thresholds are not compliant with the Written Ministerial Statement of 28 November 2014 which states for designated rural areas under Section 157 of the Housing Act 1985 including in Areas of Outstanding Natural Beauty (AONB) and National Parks authorities may choose to implement a lower threshold. However the Council is incorrect in its statement that this criteria applies across the District for settlements of less than 3,000 population. The Council should only be seeking the lower site threshold in settlements situated within AONB in which cases any financial contributions made are only payable on completion.

There is no whole plan viability assessment available as part of this consultation. If the Local Plan is to be compliant with national policy the Council must satisfy the NPPF requirements (paras 173 & 174) whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened. 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”*. It is inappropriate for the Council to set unachievable policy obligations. Furthermore it is unreasonable to expect 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.

Before the Sedgemoor Local Plan is submitted for examination the Council should undertake a whole plan viability assessment. After publication of this evidence the HBF may wish to submit further comments on viability and the Council's affordable housing policy in its Examination Hearing Statements.

## **Other Policies**

**Policy D2 - Promoting High Quality and Inclusive Design** proposes that *“development will need to demonstrate ... a positive approach has been taken to meeting the requirements of the Council in respect of achieving appropriate levels of space within dwellings”*. The Written Ministerial Statement dated 25<sup>th</sup> March 2015 confirms 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”*. However in the supporting text the Council has concluded that within the District it is unfeasible to adopt the nationally described space standard. Therefore any reference to space standards should be deleted from **Policy D2**.

The reference to Building for Life 12 in **Policy D3 – Sustainability and Energy in Development** should be removed to the supporting text. The HBF is supportive of the use of Building for Life 12 as best practice guidance to assist Local Planning Authorities, local communities and developers assess new housing schemes but it should not be included as a Local Plan policy requirement which obliges developers to use this tool. The use of Building for Life 12 should remain voluntary. If the Councils wish to refer to Building for Life 12 it should be in supporting text only.

**Policy D3 – Sustainability and Energy in Development** also refers to a water efficiency standard of 110 litres per day per person. The Written Ministerial Statement dated 25<sup>th</sup> March 2015 confirms 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*". 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"*. If Sedgemoor is not a water stress area this requirement should be deleted from **Policy D3**.

The HBF supports the Council's stated reliance on Building Regulations to reduce future energy emissions from new housing development and that targets for achieving zero carbon will also be implemented through the Building Regulations. However the Local Plan sets out a prescriptive policy to energy generation on new development in **Policy D5 - Renewable or Low Carbon Energy and Heat Generation in new developments** whereby all new development will be required to provide renewable or low carbon energy generation via the supply of decentralised low carbon or renewable electricity. The starting point for the reduction of energy consumption should be an energy hierarchy of energy reduction, energy efficiency, renewable energy and then finally low carbon energy. The emphasis at the beginning should be on a 'fabric first' approach which by improving fabric specification increases thermal efficiency and so reduces heating and electricity usage. This approach is preferable to the proposed requirements of **Policy D5**.

**Policy D6 – Housing Mix** proposes that *"to enable people to stay in their homes as their needs change an appropriate proportion of new homes on sites of 10 or more dwellings should meet M4(2) of the Building Regulation 2015 (accessible and adaptable dwellings). This will be determined on a site by site basis taking into consideration local demographic requirements and the overall design requirements set out under Policy D2"*. The Written Ministerial Statement dated 25<sup>th</sup> March 2015 stated 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"*. If the Council wishes to adopt the higher optional standards for accessible & adaptable homes the Council should only do so by applying the criteria set out in the NPPG. It is incumbent on the Council to provide a local assessment evidencing the specific case for Sedgemoor which justifies the inclusion of optional higher standards for accessible / adaptable homes in its Local Plan policy. Although there is evidence of an ageing population in the SHMA having regard to the NPPG this does not amount to the justification required for the Council to include the optional standard and the specific proportion of M4(2) dwellings in its Local Plan policy.

**Policy D10 – Self-build and Custom Build Homes** proposes that on allocated housing sites provision is made for an appropriate amount of plots for self or custom build taking into account need identified on the Council's Self Build & Custom Build Register. These plots to be available at competitive rates. Where plots are marketed for more than 12 months without selling then

these plots may revert to delivery by conventional house builders. The HBF supports custom build in principle for its potential contribution to overall housing supply. However the Council's approach to self / custom build should be positively undertaken to increase the total amount of new housing developed rather than by a restrictive policy requirement for inclusion of such housing on allocated sites. Such positive policy responses include supporting development on small windfall sites as well as allocating more small sites. On the other hand the proposed policy approach only changes the house building delivery mechanism from one form of house building company to another without any consequential additional contribution to boosting housing supply. If these plots are not developed by self / custom builders then the Council has effectively caused an unnecessary delay to the delivery of these homes by more than 12 months. The Council should also give detailed consideration to the practicalities (for example health & safety implications, working hours, length of build programme, etc.) of implementing any such policy. The Council should refer to the East Devon Inspector's Final Report dated January 2016 which expresses reservations about the implementation difficulties associated with this sort of policy. In para 46 the Inspector states *"However, I don't see how the planning system can make developers sell land to potential rivals (and at a reasonable price)"*. If the Council wishes to promote custom build it should do so on the basis of evidence of such need. It is not evident that the Council has assessed such housing needs in its SHMA work as set out in the NPPG under ID 2a-021-20140306 whereby the Council should collate from reliable local information the local demand for people wishing to build their own homes. It is noted that in May 2016 only 13 people had registered on the Sedgemoor Self Build Register and most people were seeking detached houses in village locations. This evidence does not justify the Council's proposed policy approach of requiring self-build plots on conventional market housing sites. Furthermore the Council has not undertaken any viability assessment of this policy proposal. The NPPG confirms that *"different types of residential development such as those wanting to build their own homes ... are funded and delivered in different ways. This should be reflected in viability assessments"* (ID 10-009-20140306).

## Conclusions

For the Sedgemoor 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 Pre Submission Local Plan is unsound because of :-

- no Statement of Co-operation with other HMA authorities ;
- an potential under estimation of OAHN ;
- no flexibility in HLS and no 5 YHLS on adoption ;
- prioritising brownfield land ;
- no whole plan viability assessment ;
- unjustified policy requirements on housing standards ;
- no justification for self-build and custom build homes policy.

Therefore the Plan is inconsistent with national policy. It is not positively prepared nor justified so it will ultimately be ineffective. It is hoped that these representations are of assistance to the Council in informing the next stage of the Sedgemoor 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**