

Date: 16th March 2017

Consultee ID: 757549

Matter 2

NORTH EAST LINCOLNSHIRE LOCAL PLAN EXAMINATION

MATTER 2: THE REQUIREMENTS FOR EMPLOYMENT AND HOUSING LAND

Issue 1.1: Whether the North East Lincolnshire Pre-Submission Draft Local Plan has been prepared in accordance with the relevant legal and procedural requirements

1. The following hearing statement is made for and on behalf of the Home Builders Federation. This statement responds to selected questions set out within Matter 2 of the Inspector's *Matters, Issues and Questions*.
2. The Inspector's Issues and Questions are included in bold for ease of reference. The following responses should be read in conjunction with our comments upon the Pre-submission version of the Local Plan, dated 12th April 2016 and the Pre-submission Further Changes, dated 28th October 2017. The HBF has also expressed a desire to attend the examination hearing sessions.

Issue 2.1: Whether the employment land requirement is fully justified and positively worded

3. The HBF has no further comments.

Issue 2.2: whether the housing requirement is effective and is justified by robust, proportionate and credible evidence

A: Definition of the Housing Market Area (HMA)

Q2.5: According to the Strategic Housing Market Assessment (SHMA), its function is 'to 'test' and 'ratify' the existing 'spatial zones' across North East Lincolnshire'. (HSG 01, 4.4) Has the HMA been appropriately defined? What evidence is there to demonstrate that a HMA based on the North East Lincolnshire administrative boundary provides the most appropriate basis for the assessment of housing need? Has there been anything to confirm this

finding from the 2007 DTZ study? Is the HMA as defined in this Plan consistent with the approach of other LPAs in the Humber sub-region?

4. The HBF has no further comments.

Q2.6: The SHMA refers to ‘a series of overlapping and fluid boundaries across the Yorkshire and the Humber region’ and ‘strong linkages with the housing markets of surrounding authorities including East Lindsey and West Lindsey’ (HSG 01, 4.13). In what ways do the housing policies reflect those fluid boundaries and strong linkages?

5. This is an important issue given the significant Grimsby travel to work area, which extends into all neighbouring districts on the south bank of the Humber (figure 2.2, exam doc: CD-023). The plan currently lacks clarity in this regard.

B: The objectively assessed housing need (OAHN)

The housing requirement is based on the medium growth scenario (HSG 07, 7.24). The following questions are based on my understanding that this incorporates the assumptions summarised in HSG 05, Table 16, Jobs-led (Scenario 1) – UR. My intention is to obtain clarity as to the assumptions that have been made in order to reach a housing requirement derived from employment growth.

Q2.7: In reaching a figure for OAHN, what was the demographic starting point? What uplift has been included within the OAHN figure in order to allow for economic growth? Has any other adjustment been made?

6. The demographic ‘starting point’ remains unclear. The *Housing Requirement Technical Paper* (exam ref: HSG-07) identifies the SNPP-2010 scenario as representing the most appropriate demographic ‘starting point’ (paragraph 6.9), which at the time of publication provided a figure of 300dpa. The corresponding scenario within the *Demographic Forecasts Update* (exam ref: HSG-05) identifies a requirement for 235dpa (table 6). The corresponding SNPP-2012 scenario creates a slightly higher figure of 246dpa. HSG-05 identifies a range of demographic scenarios which produce a demographic starting point of between 163 and 427dpa.

7. The Council has not updated its assessment of the demographic ‘starting point’ following the release of the 2014 sub-national population projections (SNPP) and their associated household projections (SNHP). The HBF notes that the ‘raw’ 2014 based sub-national household projections (SNHP) identify a ‘starting point’ of 213dpa.

8. It is, however, notable that none of the demographic scenarios identified in table 16 (HSG-05) would meet even the baseline level of jobs growth. On this basis the HBF supports the Council in seeking to align the economic and housing strategies for the area. This approach is considered to accord with the NPPF and PPG. The HBF understands that the OAHN is based upon a 'moderate growth' scenario, which is would provide approximately 8,800 jobs over the plan period. Whilst we are supportive of this, we do question how well this aligns with the ambitions of other economic strategies, such as those of the two Local Enterprise Partnerships (LEPs). We discuss this within paragraphs 16 to 19 of our comments upon the Pre-submission Local Plan.
9. Like the Inspector we understand that the Council's preferred scenario is Scenario 1 – UR, based upon the average between the headship rates contained within the 2008 and 2012 SNHP. The use of an average of the headship rate, between the 2008 and 2012 SNHP is justified in paragraphs 8.23 to 8.25 of the Pre-submission Local Plan. The HBF is supportive of these conclusions and the aspiration to raise headship rates back to pre-recession levels. This is considered consistent with the PPG (ID 2a-015) and reflects the Government's ambitions to increase levels of home-ownership a set out within the recent Housing White Paper¹ and schemes such as Help to Buy and starter homes.
10. Scenario 1-UR also contains a number of other assumptions such as increased economic activity rates and unemployment rates. We address these within paragraphs 19 to 23 of our comments upon the Pre-submission Local Plan. The HBF remains concerned that, at the time of writing, many of these assumptions remain unjustified.
11. A key area which appears to have been overlooked in both the *Housing Requirement Technical Paper* (exam ref: HSG-07) and *Demographic Forecasts Update* (exam ref: HSG-05) relates to market signals. This is a key component in determining an OAHN (PPG ID 2a-019). The 2013 SHMA (exam ref: HSG-01) does provide some consideration but not to the same degree as set out within the PPG. The HBF considers this a failing of the current OAHN calculation.

Q2.8: If a comparison was made with the 2014-based Sub National Population

¹ DCLG (2017): Fixing our Broken Housing Market

Projections (SNPP) and Household Projections, would any materially different effects be identifiable, particularly with regard to migration (internal and international) household representative (headship) and commuting rates? Is there any reason to reconsider the OAHN in the light of the 2014-based Sub National Population Projections (SNPP) and Household Projections?

12. The PPG (ID 2a-016) is clear that wherever possible the most up to date projections should be used. In this regard it is noted that at the time of the consultation upon the Pre-submission Local Plan the 2012 SNPP and SNHP were the most up to date. However, the 2014 based population and household projections were both available prior to the consultation upon the Pre-submission Local Plan Modifications consultation and as such could have been incorporated.

13. The PPG does, however, state that;

“...A meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued...” (PPG 2a-016)

14. Considering the 2014 SNHP it is noted that over the plan period (2013 to 2032) these are slightly lower than their 2012 counterparts. The difference between the two sets of projections is, however, minimal. The average difference over the plan period is just over 20 dwellings per annum. Given this limited alteration to the OAHN ‘starting point’ this is not considered a meaningful change in the context of the advice contained within the PPG.

Q2.9: Why should the commuting ratio be held constant to the 2011 rate? Is this still the case, in view of the 2014-based data?

15. The HBF considers the approach taken by the Council in relation to holding constant the commuting ratio to be appropriate. The 2011 rate is based upon data from the 2011 census and as such can be considered robust. The July 2015 *Demographic analysis and forecasts* paper (exam ref: HSG-05) identifies that between 2001 and 2011 census the change in the commuting ratio was minimal (table 3). This adds further credence to retaining the 2011 census rate throughout the plan period.

16. Furthermore the Planning Advisory Service (PAS) guidance² notes that changing the commuting rate is risky and must be believable. It also must be acceptable to the other local authorities affected by it, requiring cross-boundary agreement in line with the Duty to Cooperate (paragraph 8.16). The HBF is unaware of any evidence which would support a change to the commuting ratio or agreement with neighbouring authorities. On this basis the Council's stance is supported.

Q2.10: On what basis can it be said that the uplift to the figure for OAHN in order to allow for economic growth removes the need to consider any further uplift in order to increase the quantity of affordable housing? (HSG 07, 7.17)

17. Whilst the HBF appreciate that an uplift from the 2012 SNHP 'starting point' to take account of economic growth is made this does not negate the need to consider whether any further uplift is required to meet the need for affordable housing. The PPG clearly sets out uplifts for economic growth (2a-018) and meeting affordable housing needs (ID 2a-029) as separate considerations and therefore an uplift for one does not rule out further uplifts for the other. Indeed as noted in our comments upon the Pre-submission Local Plan in *Oadby and Wigston Borough Council v Secretary of State for Communities and Local Government and Bloor Homes Ltd* (2015), Hickinbottom J stated that a failure to respond to affordable housing need is a policy choice. Not meeting the need must therefore be adequately justified.

18. The Council's SHMA (exam ref: HSG-01) identifies a need for 586 new affordable homes to be delivered each year over the period 2013 to 2018. Given that the vast majority of this will be delivered by the private sector alongside market housing this would require a plan requirement of at least 2,930dpa³. The HBF agrees with the Council (paragraph 7.17, HSG-07) that this is unlikely to be achievable. It should, however, be noted that the 586 affordable dwelling need is based upon clearing the backlog of affordable housing need over the period 2013 to 2018. The PPG does not specify the time period in which the backlog should be addressed and as such the Council should consider whether a more moderate uplift would enable the affordable need, including the backlog, to be met in full over a longer time period. This could be 10 years or the full plan period.

19. Instead of undertaking such an approach the Council simply dismisses the need for an uplift to the proposed OAHN based upon the economic uplift applied

² PAS (2015): Objectively Assessed Need and Housing Targets (Technical advice note)

³ Based upon a 20% contribution from all sites – this is likely to be an under-estimate based upon the proposed main modification SMP105.

(paragraph 7.17, HSG-07) and the housing requirement based upon a 5 year backlog clearance. This is not considered a justifiable or sound approach.

Q2.11: The SHMA was prepared prior to the publication of the relevant section of the PPG. Has the associated evidence base been reviewed to establish whether it is consistent with current guidance? Can the Council demonstrate that it has a clear understanding of the full, objectively assessed need for affordable housing in its area? The SHMA identified an affordable housing need for 2013-18. What progress has been made towards meeting that need? Is there any more recent information? What is the current level of need for affordable housing?

20. The HBF is surprised that the Council has not sought to update its evidence upon the full, objectively assessed need for affordable housing alongside its OAHN. A clear understanding of affordable housing needs is required to ensure the OAHN is soundly based. This issue was clarified by the *Satnam Millennium Ltd v Warrington Borough Council* (2015).

21. In terms of progress it is noted that the *2015/16 Authority Monitoring Report* indicates just 47 affordable dwellings were delivered in 2014/15. This is someway short of the 586 required.

C: The stepped housing requirement

Q2.12: The Council states it has directly modelled the housing growth scenario to the forecast increase in jobs so that the stepped housing requirement is in line with expected growth. How has this been modelled?

22. The HBF is not supportive of the stepped approach. We set out our reasoning for this within paragraphs 28 to 30 of our comments upon the Pre-submission Local Plan.

Q2.13: In view of the proposal for a stepped housing requirement, does the Plan give an adequate explanation of how the housing requirement will be calculated over any given period?

23. If the stepped approach is considered appropriate further explanation would assist clarity.

Q2.14: Is any provision made to review the housing requirement in the light of levels of economic growth or housing demand? Is there sufficient flexibility

within the Plan to allow it to respond to a higher or lower than expected level of growth?

24. The HBF has no further comments at this time.

Yours sincerely,

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