

Newark & Sherwood District Council Planning Policy Kelham Hall Newark Nottinghamshire NG23 5QX

SENT BY E-MAIL AND POST

1 September 2017

Dear Sir / Madam

NEWARK & SHERWOOD CORE STRATEGY REVIEW 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 Core Strategy Review Examination Hearing Sessions to discuss matters in greater detail.

The purpose of the Newark & Sherwood Core Strategy Review is to ensure that allocations, policies and targets are up to date and appropriate.

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). Twenty three paragraphs of the National Planning Practice Guidance (NPPG) provide more detail about the Duty. As the Core Strategy was originally adopted in 2011 it pre-dates the NPPF so it is now necessary for the Review to be fully compliant with the requirements of national policy. 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 Core Strategy. 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 Newark & Sherwood District Council is part of the Outer Nottingham HMA together with Mansfield and Ashfield District Councils. At this time it understood that 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. However no Statement of Compliance with the Duty was available in the supporting evidence for this consultation.

It is also noted that Newark & Sherwood District Council is bordered by six other neighbouring authorities namely Broxtowe and Rushcliffe (part of the Greater Nottingham HMA), Bassetlaw (part of the North Derbyshire / North Nottinghamshire HMA), West Lindsey and North Kesteven (part of the Central Lincolnshire HMA) and South Kesteven (part of the Peterborough HMA). The Council should confirm that these neighbouring authorities will be meeting their own OAHN in full without recourse to any assistance to meet unmet needs in Newark & Sherwood.

By the time of the Newark & Sherwood Core Strategy Review 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 be required. If any Statements 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 Core Strategy Review in written Examination Hearing Statements and during oral discussion at the Examination Hearing Sessions.

OAHN and Housing Requirement

Under the NPPF the Council should be proactively supporting sustainable development to deliver a significant boost to the supply of housing to meet identified housing needs (paras 17 & 47). The Council should use its evidence base to ensure that its Development Plan Documents (DPD) meet in full OAHN as far as consistent with the NPPF including identifying key sites critical to the delivery of the housing strategy over the plan period (para 47). The Council should ensure that the assessment of and strategies for housing, employment and other uses are integrated taking full account of market and economic signals (para 158).

The NPPG advises that OAHN should be unconstrained (ID 2a-004) and assessed in relation to the relevant functional area known as the HMA (ID 2a-008). The use of a standard methodology is strongly recommended (ID 2a-005). The NPPG methodology is a three stage process comprising:-

- Demographic (based on past population change and Household Formation Rates (HFR)) (ID 2a-015 – 017);
- Economic (in order to accommodate and not jeopardise future job growth) (ID 2a-018);
- Market signals (to counter-act worsening affordability caused by undersupply of housing relative to need / demand) (ID 2a-019 & 020).

The Planning Advisory Service (PAS) Technical Note dated July 2015 broadly endorses the NPPG methodology.

Whilst affordable housing need is separately assessed (ID 2a-022 – 028). The delivery of affordable housing can be a consideration for increasing planned housing provision (ID 2a-029).

The recently published Local Plans Expert Group (LPEG) Report recommended a simplified standard methodology for calculating OAHN. The LPEG methodology is a four stage process summarised as:-

- Official projections used to determine a baseline demographic need;
- A mandatory uplift of HFR in younger age groups;
- Using absolute measures of affordability a prescribed market signal uplift (additional to the mandatory HFR uplift) is applied;
- Further 10% uplift applied if affordable housing need exceeds figures calculated in preceding stages.

Although there is no economic uplift it may still be incorporated as a policy on consideration to increase the housing requirement.

The Government's Housing White Paper is critical of Council's not undertaking an honest assessment of housing needs. The Government is proposing a standard methodology for the OAHN (subject to further consultation expected in September 2017). It may or may not be the methodology recommended by LPEG.

Spatial Policy 2 – Spatial Distribution of Growth proposes a housing requirement of 9,080 dwellings (454 dwellings per annum) for the plan period of 2013 – 2033. The HBF recommend that this housing requirement is expressed as a minimum so that full housing needs are planned for in accordance with the NPPF.

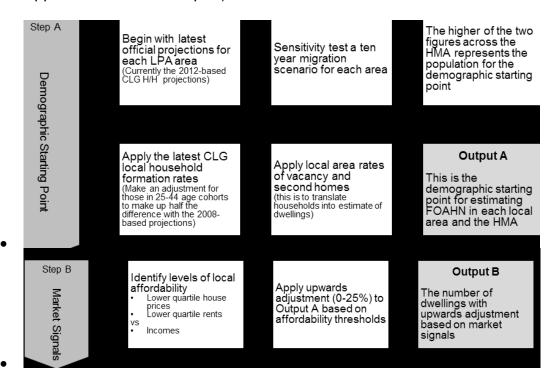
The OAHN calculation is set out in the Outer Nottingham 2015 SHMA Report by GL Hearn and Addendum Report dated January 2016. These Reports calculate OAHN for the Outer Nottingham HMA which is then divided between the three District authorities. The calculation of OAHN for Newark & Sherwood is summarised as:-

- The starting point is 2012 SNPP (adjusted for 2013 mid-year estimate) / 2012 HFR multiplied by vacancy & second home allowance which resulted in 399 dwellings per annum (Table 17 SHMA Report);
- The sensitivity testing of migration trends and UPC assumptions resulted in an increase to 446 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 together with supressed HFR in younger age groups. This analysis resulted in an uplift to 454 dwellings per annum (Table 63 SHMA Report);
- A separate assessment of affordable housing needs identified a need for 177 affordable homes per annum (using 30% affordability threshold) for which there is no further adjustment to the overall housing requirement to help deliver affordable housing needs (Table 62 SHMA Report).

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

- The demographic starting point and adjustments thereof to 446 dwellings per annum for the District are reasonable and consistent with the NPPF and NPPG. However since the Council's calculation of OAHN the 2014 SNHP have been published. The Council should confirm whether or not a re-assessment 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). It is noted that the 2014 SNHP indicate household growth which is higher than the Council's own demographic starting point;
- The Council's jobs led modelling comprised of the Experian baseline job growth scenario resulting in 348 dwellings per annum (Table 27 SHMA Report) and the Experian & Nathanial Lichfield Partners (NLP) Land Forecasting Study "policy on" scenario resulting in 389 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 conversely the Council acknowledges in the Core Strategy Review (para 2.3) that significant economic growth above trend is likely to continue. There is concern that the Council's economic growth and housing provision strategies are misaligned and this aspect of the OAHN calculation has been under-estimated. It is noted 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 (Table 26) look optimistic. In the recent Farnsfield Appeal Decision the Inspector accepted the appellant's argument that likely job growth in Newark & Sherwood had been underestimated and participant rates for older workers was too optimistic. The Appellant's alternative OAHN calculation for the District was 500 – 550 dwellings per annum;
- 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. In 2007 the average house price was £150,924 by 2017 the average house price is £162,833 (para 2.5 of Core Strategy Review). However these average house prices disguise a wide variation in house values and affordability across the District with Southwell and parts of Newark expensive compared to former mining communities. Younger households in particular have been restricted from entering the housing market. Newark & Sherwood has the highest affordability ratio in the HMA. 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 +8 dwellings per annum or

1.7% uplift. It is agreed that an adjustment to HFR in younger age groups is appropriate as a demographic adjustment but as a mechanism to adjust for market signals an uplift of 1.7% is overly modest and its impact on improving affordability will be negligible. The LPEG Report recommends a demographic adjustment of 50% between 2012 and 2008 HFR in younger age groups (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).



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 177 affordable homes per annum is based on the 30% scenario. This figure represents a dramatic reduction from the 25% scenario of 284 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. As stated by the Prime Minister in the Housing White Paper "Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting the fact is that housing is increasingly unaffordable - particularly for ordinary working class people who are struggling to get by ... high housing costs hurt ordinary working people the most ... working households below-average incomes spend a third or more of their disposable income on housing. This means they have less money to spend on other things every month ... I want to fix this broken market so housing is more affordable ... The starting point is to build more homes. This will slow the rise in housing costs so that ordinary working families can afford to buy a home and it will also bring the cost of renting down". Therefore the Council should not fail to recognise the true scale of its affordable housing needs. Even if it is accepted that the affordable housing need is 177 affordable homes per annum this

represents 39% of the overall OAHN. However due to viability constraints **Core Policy 1** proposes affordable housing provision of 30% on sites of 11+ dwellings from private sector cross subsidy (S106 Agreements). As there is a difference between affordable housing need and supply it is inevitable that some affordable housing needs will remain unmet therefore the Council should have given greater consideration to increasing housing supply to deliver more affordable houses (NPPG ID 2a-029);

• The Council's calculation ignores previous under provision against the adopted Core Strategy housing targets. The Council is effectively writing off unmet housing needs from the previous plan period by re-setting the start date. As commented on in the LPEG Report subsequent reviews, updates or replacement Plans should set out their housing requirement with reference to an up to date OAHN plus any shortfall in housing delivery from the base date of the previously adopted Plan to ensure that any shortfall is not cancelled out by the virtue of regular plan reviews.

For the reasons set out above the HBF considers that 454 dwellings per annum may under-estimate OAHN which is yet to be tested at Local Plan Examination. It is noted that the Council is arguing that the overall uplift from its demographic starting point is 18% but this remains below the recommendations of the LPEG Report. As stated by the Government in the Housing White Paper this may or may not be an honest assessment of housing needs. The Council should give consideration to the implications of the Government's proposal for a standardised methodology for OAHN. The DCLG Planning Update Newsletter dated 31st July 2017 confirms that the Government's consultation on the standard methodology is delayed until September 2017. The letter also states that if a Local Plan is submitted for examination on or before 31st March 2018 the Plan may progress using the existing methodology for OAHN as set out in current guidance. However if that Plan is withdrawn from examination or found unsound the new Local Plan would be prepared using the standardised methodology. If a re-assessment of housing needs using the standard methodology is undertaken the HBF may wish to submit further comments on OAHN and the Council's housing requirement in written Examination Hearing Statements and during oral discussion at the Examination Hearing Sessions.

Spatial Strategy & Housing Distribution

A four tiered settlement hierarchy is set out in **Spatial Policy 1 – Settlement Hierarchy** comprising :-

- Sub Regional Centre Newark Urban Area as defined by the urban boundary;
- Service Centres Southwell, Ollerton & Boughton, Edwinstowe, Clipstone and Rainworth as defined by urban boundaries;
- Principle Villages Collingham, Sutton on Trent, Farnsfield, Lowham, Bilsthorpe and Blidworth as defined by village envelopes;
- Other Villages where development is permitted in accordance with Policy 3 – Rural Areas for infill development within the built up area to support local services / local housing needs in terms of tenure and house types and if there is sustainable access to services and in Green Belt locations in accordance with Policy 4B – Green Belt Development

(only applicable to two Principle Villages and Gunthorpe, Bulcote and Burton Joyce).

Spatial Policy 2 is focussed on supporting the Sub Regional Centre, regeneration and securing sustainable communities. The Council is distributing 60% of its housing requirement to Newark, 30% to Service Centres and 10% to Principle Villages even though the settlement pattern of the District is dispersed (para 2.4 of Core Strategy Review). With only 40% of the housing requirement distributed outside the Newark Urban Area it is important that the Council recognises the difficulties faced by rural communities in particular due to a lack of housing supply, high house prices and unaffordability. The Council has acknowledged existing differences in house price values across the District with Southwell and parts of Newark expensive in comparison to the former mining communities. The NPPG emphasises that all settlements can play a role in delivering sustainable development in rural areas so blanket policies restricting housing development in some settlements and preventing other settlements from expanding should be avoided. One of the core planning principles of the NPPF is to "take account of the different roles and character of different areas ... recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it" (para 17). The NPPF also emphasises "to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities" (para 55).

Housing Land Supply (HLS)

Four strategic sites are allocated in the Core Strategy Review :-

- South of Newark (Policy NAP 2A) for 3,150 dwellings to be delivered in phases with 1,790 dwellings in the plan period;
- East of Newark (Policy NAP 2B) for 1,000 dwellings to be delivered in phases with all dwellings in the plan period;
- land at Fernwood (**Policy NAP 2C**) for 3,200 dwellings to be delivered in phases with 2,095 dwellings in the plan period;
- Thoresby Colliery (Policy ShAP4) for 800 dwellings to be delivered in phases.

The remainder of the HLS in Newark and other settlements will be allocated in the Allocations & Development Management Plan. The Core Strategy Review is progressing ahead of the Allocations & Development Management Plan which is not expected for consultation until February / March 2018. It is noted that the purpose of **Spatial Policy 5 – Delivering the Strategy** is to ensure sufficient sites have been allocated to meet housing requirements and **Spatial Policy 9 – Selecting Appropriate Sites for Allocation** sets out criteria for site selection.

The Council's HLS is not clearly expressed in the Plan although Appendix Table 1 together with the housing trajectory in Appendix C provide further information. The HBF do not comment on the merits or otherwise of individual sites therefore our representation is submitted without prejudice to any further comments

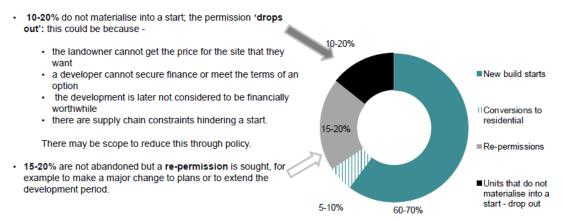
made by other parties on the deliverability of specific sites included in the Council's overall HLS, 5 YHLS and housing trajectory.

As the residual HLS is not obvious it is not possible to determine whether or not the Council has provided any contingencies in its HLS. The HBF always recommends as large a contingency as possible (circa at least 20%) to the overall HLS to provide sufficient flexibility for unforeseen circumstances and in acknowledgement that the housing requirement is a minimum not a maximum figure. 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".



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:



 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

It is important 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.

It is noted that the Council is proposing Opportunity Sites which will be brought forward for development if identified as necessary through monitoring. The HBF is supportive of a reserve site policy approach. Indeed the LPEG Report also recommended 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). However the Council's monitoring as set out in Appendix F has no triggers which would bring forward the proposed Opportunity Sites. The HBF recommend that specific monitoring triggers are introduced.

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. 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. Although some SUEs may have multiple outlets usually 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.

The HBF may wish to submit further comments on the Council's HLS (if any new evidence emerges) in written Examination Hearing Statements and during oral discussion at the Examination Hearing Sessions.

5 Year Housing Land Supply (YHLS)

The Council's latest 5 YHLS calculation is set out in the Statement dated April 2017. This calculation is based on a housing requirement of 454 dwellings per annum (not yet tested at Examination), a Sedgefield approach to shortfalls and a 20% buffer applied to both the annualised housing requirement and shortfall. The resultant 5 YHLS is 6.2 years. This calculation accords with the HBF preferences for a 20% buffer and Sedgefield approach as set out in the NPPG (ID 03-035). However the HBF do not agree with the Council's shortfall figure of only 128 dwellings. This figure is based on using 454 dwellings per annum from 2013. The Council should clarify that shortfalls against the adopted Core Strategy housing targets prior to 2013 have not been written off by re-setting the plan dates so unmet needs from the previous period remain unaccounted for.

The 50 dwellings per annum windfall allowance in later years seems reasonable.

The 5 YHLS calculation is a snap shot in time which can change very quickly. The Council's 5 YHLS assumes that all of the allocations will be found sound. However the soundness of individual allocations will be discussed throughout the course of the two Development Plan Document Examinations. If any are found to be unsound these will need to be deleted from the deliverable supply accordingly. Further alternative site allocations may be needed. 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 Core Strategy Review cannot be sound as it would be neither effective nor consistent with national policy and by virtue of the NPPF (para 49) housing policies for supply of housing would be instantly out of date on adoption.

The HBF may wish to submit further comments on the Council's 5 YHLS (if any new evidence emerges) in written Examination Hearing Statements and during oral discussion at the Examination Hearing Sessions.

Viability and Affordable Housing

If the Newark & Sherwood Core Strategy Review 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". The Whole Plan & CIL Viability Assessment dated March 2017 by NCS identifies significant differences in value areas across the District and the existence of these sub markets justifies the operation of differential CIL charging rates in doing so the Council has acknowledged the trade-off between affordable housing provision and provision of infrastructure. The Council's assessment also identifies differentials between the viability of green and brown field development.

Core Policy 1 – Affordable Housing Provision proposes for sites 11+ dwellings subject to viability 30% affordable housing on basis of tenure mix of 60% social / affordable rent and 40% affordable home ownership products. The Core Strategy Review should be amended to clarify that the proposed housing mix in Table 3 is for affordable housing only.

Over the remaining plan period 3,342 dwellings in the Council's HLS will be developed on greenfield sites in the low value area, 2,095 dwellings on greenfield sites in the medium value area and 1,240 dwellings on brownfield sites in the low value area. A significant proportion of theses dwellings are located on the strategic sites. It is noted that viability of development in the low value area, on previously developed land (PDL) and on SUEs is challenging. 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 on these sites should occur occasionally rather than routinely.

Other Housing Policies

The HBF is supportive of the Council's policy approach to self & custom build as set out in **Core Policy 3 – Housing Mix, Type & Density**.

The deletion of out of date references to the Code for Sustainable Homes in Core Policy 10 – Climate Change is supported. However the Council should clarify the meaning of "be efficient in consumption of energy and water" in Core Policy 10. At this time the HBF is assuming that the Council is not seeking to introduce any higher optional standards. If this assumption is incorrect the HBF

may submit further comments. With particular reference to water efficiency it is noted that in the Water Cycle Study Update 2016 by WYG Newark & Sherwood is not identified as a water stress area. It is recommended that the Council's wording is changed to refer to compliance with Building Regulations standards.

Throughout the Core Strategy Review there are references to several Supplementary Planning Documents (SPD) including in **Spatial Policy 6 – Infrastructure for Growth** and **Core Policy 9 – Sustainable Design** (in relation to lifetime homes, connections to broadband and management of water) as well as an updated Affordable Housing 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. The Council should not be seeking to impose any higher optional accessible / adaptable homes standards in an SPD. Any requirements for lifetime homes, broadband connections and water management should be viability tested.

Conclusion

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

- a potential underestimation of OAHN which is not based on the most up to date SNHP:
- a lack of contingency in the overall HLS;
- a 5 YHLS calculation based on an under estimation of shortfalls since 2013;
- insufficient viability testing of SUEs, PDL and the low value area;
- a lack of clarity on housing standards;
- the inappropriate use of SPDs.

Therefore the Core Strategy 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 Newark & Sherwood Core Strategy Review. 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