

Sent by email to:

24/05/2018

Dear Sir/ Madam

Response by the House Builders Federation to the Waveney Local Plan

Thank you for consulting the Home Builders Federation (HBF) on the Waveney Local Plan. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

Scale of Growth

The Council's housing requirement of 374 dwellings per annum (dpa) between 2014 and 2036. This is based on the recommendations of the 2017 Strategic Housing Market Assessment that the demographic starting point (which excluded UPC) was sufficient and should not be adjusted to take account of market signals, economic growth aspirations or to improve provision of affordable housing. The inclusion, or exclusion, of UPC is a vexed issue and one that has generated a significant amount of debate. The HBF generally recommends the application of a demographic starting point as set out in official household projections prepared by DCLG (now MHCLG) as the most robust starting point. From this point an appropriate uplift for market signals can then be applied and consideration be given to whether the growth in housing is sufficient to support economic expectations/ aspirations.

Demographic starting point

We would not disagree with the Council's final assessment as to the demographic starting point of 374. This would seem an appropriate course of action and a positive approach to plan making.

Market signals

We would not agree with the Council's decision to make no adjustment for market signals and in particular the pressing need for affordable homes in the Borough. The area has seen a worsening trend in the lower quartile income to house price ratio which has

increased from 3.80 in 2001 to 7.88 in 2017¹. Even more concerning is that lower quartile house prices have also been increasing since the 2013 rising from £112,000 to £140,000 – a 25% increase. A similar situation is also occurring with regard to median house prices which have increased by 27% since 2013. These most recent statistics indicate that the affordability is now worse than it was at the height of the market in 2008. We recognise that the situation in Waveney may not be as severe as other areas but this does not mean that it should be ignored. The SHMA states that affordability ratios have consistently matched those for England and uses this as evidence to suggest no intervention is required. Considering that the Government consider there to be a national problem with regard to affordability such a comparison would suggest that some adjustment is required. The affordability ratios presented may not need to be as significant as for other areas but it certainly does not mean it should be ignored.

The high level of need for affordable housing is also a key indicator that supports the uplift above the current household projections. Part 2 of the SHMA establishes that the need for affordable homes is 208 dpa, roughly 55% of total needs. However, due to viability the Council will not be able to deliver this many homes as part of its housing requirement. However, Planning Practice Guidance sets out that higher levels of delivery should be considered in order to better address the need for affordable housing. Given the difficult viability situation within the Borough we consider that there should be some degree of uplift to the demographic baseline to address both the worsening affordability in the Borough and the level of need for affordable housing.

Economic growth

We do not consider the Council to have effectively tested whether there will be sufficient housing growth to support the aims of increasing employment locally by 5,000 new jobs. In Chapter 11 the SHMA tests two growth scenarios – 3,430 (EEFM) and 4,109 (Experian) – and recommends that no uplift is required. However, what is not clear is whether there will be sufficient homes to support the higher level of jobs growth outlined in the plan or whether this level of jobs growth will require increased commuting from neighbouring authorities. The Council needs to properly consider whether they are planning sufficient homes to meet the proposed levels of jobs growth and if not consider how they will seek to address any imbalance.

Conclusions on OAN

In order to be considered sound the Council should include an uplift to take account of the market signals and the need for affordable housing. In dismissing the need for such uplift the Council have not adequately considered the evidence and the decision is unjustified and not consistent with national policy and guidance. We are also concerned that the Council has not tested its economic growth aspirations sufficiently within the SHMA. We would recommend that further testing is undertaken in relation to the level of housing growth required to support the expectation of 5,000 new jobs being created during the plan period.

¹www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2017

Location of Growth

The HBF does not comment on the merits or otherwise of individual sites therefore our representations are submitted without prejudice to any comments made by other parties on the deliverability of specific sites included in the overall housing land supply, the five-year housing land supply and housing trajectories. However, we want to stress the importance of having realistic delivery expectations within any allocations to ensure the deliverability of the plan across its lifetime. This is particularly important where there is a reliance on strategic sites to deliver the majority of new homes within the plan period.

As a significant amount of the development being proposed in this plan will be delivered on strategic sites in and around Lowestoft it will be essential that the Council's development strategy is based on realistic delivery expectations. Any undersupply across the period can then be offset and provide a mix of development opportunities and in general offer a more flexible local plan that is a requirement of paragraph 14 of the NPPF. Whilst we welcome the commitment to deliver around 12% more homes than the housing requirement further allocations outside of Lowestoft would provide the Council with the necessary resilience should development not come forward as planned in that growth area.

WLP8.2 - Affordable housing

The policy is not sound as it has not been sufficiently justified and it is inconsistent with national policy

Under this policy the Council proposes an affordable housing provision for sites of 10+ dwellings of 20%, 30% and 40% depending on the location of the development. The proposed affordable housing tenure mix is 50% affordable rent and 50% intermediate. If the Local Plan is to be compliant with the NPPF development should not be subject to such a scale of obligations and policy burdens that viability is threatened (paras 173 & 174). The variation in the policy reflect the picture presented by the viability study - one where the viability of development at the proposed level of affordable housing provision and CIL are marginal in the lower value areas where 56% of the development is expected to be delivered.

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. In particular it is important that the Council tests the cumulative impacts of its policies on development. Planning Practice Guidance is clear in paragraph 10-007 that its essential to test the cumulative costs stating:

“Their cumulative cost should not cause development types or strategic sites to be unviable. Emerging policy requirements may need to be adjusted to ensure that the plan is able to deliver sustainable development.”

We are concerned that this cumulative impact has not been tested with regard to the requirement for 40% of all new housing to be built to part M4(2) of the building regulations. The Council's viability evidence does consider the impact of the optional technical standard but only considers the impact of applying the 40% standard set out in the policy against the affordable housing policy. At present the Council has only tested the impact of a 5% requirement for M4(2) against all other anticipated costs in its viability assessment. As such it does not consider the cumulative impact of affordable housing, the proposed CIL contributions and the optional technical standard on accessibility.

This is even more important where viability is marginal as is the case in some parts of Waveney. The Council have identified those areas in and around Lowestoft as having the most challenging viability and has led to lower levels of both CIL and affordable housing being required. Whilst this is to be welcomed it would appear from the viability assessment that the relatively small changes in policy costs will have a significant impact on viability. Table 9-1 and 9-2 indicate that relatively modest increases in CIL charges or changes to tenure split require significant reductions in CIL charges and affordable housing contributions in order to retain viability. PPG establishes in paragraph 10-008 that a reasonable buffer should be applied and that in collecting the maximum recommended CIL the Council have not established such a buffer – particularly in the lower value zones.

In addition to our concerns regarding the viability assessment we do not consider the wording of the policy to have the necessary clarity required by the NPPF to ensure consistent and effective decision making. The policy states that developments must provide a minimum number of affordable homes. This implies that housing developers could be asked to provide more than the thresholds indicated in the policy. Where developers provide the required proportion of affordable housing there should be no confusion that no greater proportion is required. As the policy is currently worded there is the real risk that decision makers could consider it appropriate that a development should provide more than the minimum.

Recommendation

1.The additional costs arising from the optional standard on accessible homes has not been tested and could have an impact on the viability of the proposed development. Unless such an assessment is undertaken then the Council will need to consider either reducing its CIL charge, lowering its affordable housing thresholds or reducing the requirement for M4(2) from 40% to 5%.

2.That the term “minimum” be deleted from the three bullet points.

WLP8.3 – Self and Custom Build

The policy is unsound as it is inconsistent with national policy and will be ineffective

Whilst we support the encouragement of self-build housing through the local plan we do not consider the requirement for sites of over 100 to provide up to 5% service plots for self and custom house building to be justified or consistent with national policy. Whilst we

recognise that Local Planning Authorities now have a duty to promote self-build housing we do not consider the Council to have looked at sufficient options with regard to how it can provide plots to support self-builders. Paragraph 57-024 of the PPG sets out a variety of approaches that need to be considered –including the use of their own land. This is reiterated in para 57-14 of the PPG which sets out the need for Council’s to consider how they can support the delivery of self-build plots through their housing strategy, land disposal and regeneration functions.

We cannot find any evidence as to the Council’s consideration of other reasonable approaches to delivery as suggested in PPG. For example the Government suggest using local housing strategies to consider how best to bring forward their own land to support self-build and custom house-building. Whilst the East Suffolk Housing Strategy 2017² to 2023 mentions self-builders as part of its five areas of focus to makes no further commitments or strides in seeking develop this area and the potential for the Council to use its own assets. Without such consideration it would appear that the Council is seeking to place the burden for delivery of self-build plots on larger sites without looking sufficiently at other delivery mechanisms as set out in national guidance.

We also consider the policy to be inconsistent with the third bullet point of paragraph 57-025 of PPG. This outlines that the Council should engage with landowners and encourage them to consider self-build and custom housebuilding. The approach taken by the Council moves beyond encouragement and requires land owners to bring forward plots. We would therefore suggest that the policy be deleted and replaced with a policy that seeks to encourage the provision of self-build plots on developments of over 100 units.

Finally, if a percentage policy is to be applied consideration must be given to the expected level of need for such plots and the policy should also be sufficiently flexible to ensure that the delivery of self-build plots will not adversely affect the delivery of the site with regard to safety and viability. The plan states that the policy is likely to deliver well beyond the stated level of need in the self-build register. Whilst we appreciate that there may be more demand across the plan period there is no indication that this additional demand will materialise. We would therefore suggest that any policy seeks to deliver up to 5%. Such an approach would provide the necessary flexibility to ensure the policy is both justified and effective. At present there is a risk that this policy will deliver far more plots than are required leading to developers having to wait to build on plots that are not required by self-builders or custom housebuilders.

Recommendation

The policy be amended as set out below:

“Developments of more than 100 dwellings will be ~~expected~~ encouraged to provide a ~~minimum up to~~ 5% self or custom build properties on site through the provision of serviced plots”

² <http://www.eastsuffolk.gov.uk/assets/Housing/East-Suffolk-Housing-Strategy-2017-2023/East-Suffolk-Housing-Strategy-2017-23.pdf>

Policy WLP8.31 – Lifetime design

The policy is unsound as it has not been justified.

As set out in our response to the Council policy on affordable housing we do not consider the viability study to have tested the cumulative impacts to this policy as required by national planning policy and guidance. Planning Practice Guidance clearly states that consideration must be given to viability and whilst some testing has been undertaken this has been limited and in isolation to key costs such as CIL.

Paragraph 56-007 PPG also requires Councils to justify the inclusion of the optional standards on the basis of future needs, how these needs vary across different housing tenures and the accessibility and adaptability of existing stock. Whilst the Council have established that they have an ageing population with around 34% of the population being over 65 by 2036. However, the number of these individuals with a limiting long term illness or disability is much smaller. The SHMA sets out that by 2030 there is estimated to be 9,658 individuals over 65 with a limiting long term illness and 1,610 individuals with a severe disability. In total these individuals are expected to comprise 9% of the population. Given that a proportion of these individuals will live in specialist accommodation we would suggest that the requirement for 40% of all homes to be built to part M4(2) is not justified. We recognise that it is important that some homes are provided to support but that this should be reduced to reflect the evidence.

Recommendation

That the threshold be reduced to 5% in line with viability testing and evidence of needs.

Conclusion

At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 182 of the NPPF, in the following key areas:

- Failure to justify the decision not to make a market signals uplifts
- The affordable housing policy has not been sufficiently justified and is inconsistent with national policy
- The requirement for 5% of plots on developments of 100 units or more is not consistent with national planning guidance
- Requirement for 40% of new homes to be built to optional technical standard M4(2) has not been justified.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully



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