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3<sup>rd</sup> September 2018

Dear Sir / Madam

## **EAST DORSET LOCAL PLAN REVIEW - OPTIONS CONSULTATION**

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 responses to the above mentioned consultation.

### **Housing Need & Housing Requirement**

The Christchurch & East Dorset Joint Core Strategy (JCS) was adopted in 2014. In February 2018 it is understood that a decision was taken to prepare separate new Local Plans for Christchurch and East Dorset rather than review the JCS. On this basis the East Dorset Local Plan Review (LPR) should be prepared by joint working on cross boundary issues such as where housing needs cannot be wholly met within administrative areas of individual authorities. To fully meet the legal requirements of the Duty to Co-operate the Council should engage on a constructive, active and on-going basis with the other Eastern Dorset Housing Market Area (HMA) authorities to maximise the effectiveness of plan making. One key outcome from co-operation between the Eastern Dorset HMA authorities should be the meeting of Objectively Assessed Housing Needs (OAHN) in full across the HMA. The National Planning Practice Guidance (NPPG) states that a key element of examination is ensuring that there is sufficient certainty through formal agreements that an effective strategy will be in place to deal with strategic matters such as unmet housing needs when Local Plans are adopted (ID 9-017). As set out in the revised National Planning Policy Framework (NPPF) the LPR should be positively prepared and provide a strategy which as a minimum seeks to meet the areas OAHN and is



informed by agreements with other authorities so that unmet need from neighbouring areas is accommodated (para 35a). The meeting of unmet needs should be set out in a Statement of Common Ground (SoCG) signed by all respective Eastern Dorset HMA authorities in accordance with the revised NPPF (paras 24, 26 & 27). If the LPR is to be effectively deliverable over the plan period it should be based on effective joint working on cross boundary strategic matters that have been dealt with rather than deferred as evidenced by the SoCG (revised NPPF para 35c).

Furthermore by the time of the submission of the East Dorset LPR for examination the Government's standard methodology for the calculation of local housing needs will have been implemented (revised NPPF para 60). The Government's proposed methodology is summarised as :-

- Demographic baseline based on annual average household growth over a 10 year period ;
- Workplace-based median house price to median earnings ratio ;
- Adjustment factor =  $\frac{\text{Local affordability ratio} - 4}{4} \times 0.25$  ;
- Local Housing Need = (1 + adjustment factor) x projected household growth.

Using this standardised methodology the OAHN for Christchurch is 442 dwellings per annum (based on 2014 data) equivalent to 8,840 dwellings between 2013 - 2033. However the standard methodology is only a minimum starting point. Any ambitions to support economic growth, to deliver affordable housing and to meet unmet housing needs from elsewhere are additional to this figure. The Government's objective of significantly boosting the supply of homes remains. It is important that housing need is not under-estimated. **Draft Policy 3.4 – Housing Provision in East Dorset** proposes 8,854 dwellings between 2013 – 2033. It is noted that an Eastern Dorset SHMA 2018 Update is drafted but not yet published. The HBF may wish to make further comments on this evidence after its publication.

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

The strategic policies of the LPR should provide a clear strategy for bringing sufficient land forward and at a sufficient rate to address housing needs over the plan period including planning for and allocating sufficient sites to deliver strategic priorities (revised NPPF para 23). The Council should have a clear understanding of land availability in the District by preparing a Strategic Housing Land Availability Assessment (SHLAA) which should be used to identify a sufficient supply and mix of housing sites taking into account availability, suitability and economic viability. The policies of the LPR should identify a supply of specific deliverable sites for years 1 – 5 of the plan period and specific developable sites or broad locations for growth for years 6 – 10 and where possible years 11 – 15 (revised NPPF para 67). The identification of deliverable and developable sites should accord with the definitions set out in the revised NPPF Glossary. The Council should also identify at least 10% of

the housing requirement on sites no larger than one hectare or else demonstrate strong reasons for not achieving this target (revised NPPF para 68). The LPR should include a trajectory illustrating the expected rate of housing delivery over the plan period. A minimum 5 years supply of specific deliverable sites including a buffer should be maintained (revised NPPF paras 73 & 74).

It is noted that the Council's HLS as set out in **Draft Policy 3.4** comprises of :-

- 758 dwellings completed between 2013/14 – 2017/18 ;
- Urban potential of 3,173 dwellings (SHLAA 2017 Update) ;
- 2,396 dwellings in Existing New Neighbourhoods of Corfe Mullen, Wimbourne / Colehill, Ferndown / West Parley and Verwood ;
- 2,527 dwellings on land adjacent to Main Settlements for 1,070 dwellings, land adjacent to Rural Service Centres for 1,405 dwellings and 52 dwellings in Villages.

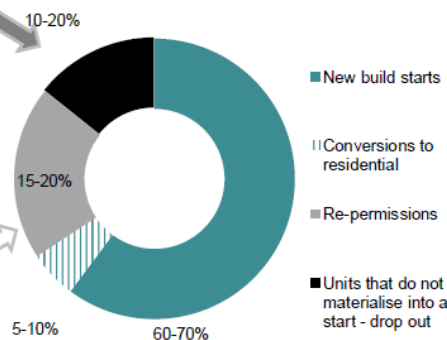
It is also noted that if future housing delivery falls below expectations then the LPR itself will be reviewed.

The Council should also apply a flexibility contingency to its HLS (greater than 14 dwelling difference between the Council's OAHN and the proposed HLS) in order that the LPR is responsive to changing circumstances and the housing requirement is treated as a minimum rather than a maximum ceiling. The HBF acknowledge that there can be no numerical formula to determine the appropriate quantum for a flexibility contingency but where a Local Plan or a particular settlement or locality is highly dependent upon one or relatively few large strategic sites greater numerical flexibility is necessary than in cases where supply is more diversified. As identified in Sir Oliver Letwin's interim findings large housing sites may be held back by numerous constraints including discharge of pre-commencement planning conditions, limited availability of skilled labour, limited supplies of building materials, limited availability of capital, constrained logistics of sites, slow speed of installation by utility companies, difficulties of land remediation, provision of local transport infrastructure, absorption sales rates of open market housing and limitations on open market housing receipts to cross subsidise affordable housing. Therefore, the HBF suggests as large a contingency as possible (at least 20%) because as any proposed contingency becomes smaller so any in built flexibility reduces. If during the LPR Examination any of the Council's assumptions on lapse rates, windfall allowances and delivery rates were to be adjusted or any proposed housing site allocations were to be found unsound then any proposed contingency would be eroded. The Department of Communities & Local Government (DCLG) presentation slide from the HBF Planning Conference September 2015 (see below) which illustrates a 10 – 20% non-implementation gap together with 15 – 20% lapse rate. The slide also suggests "*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:
- **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

### Site Allocations Policies

The HBF submit no comments on the merits or otherwise of individual site allocations. For the Council 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 increasing housing supply is increasing the number of sales outlets whilst large strategic sites may have multiple outlets usually increasing the number of sales outlets available inevitably means increasing the number of housing site allocations. So large strategic sites should be complimented by smaller scale non-strategic sites. This approach is also advocated in the Housing White Paper (HWP) "*Fixing the Broken Housing Market*" because a good mix of sites provides choice for consumers, allows places to grow in sustainable ways and creates opportunities to diversify the construction sector. Our representation is submitted without prejudice to any comments made by other parties.

### Other Policies

#### Draft Policy 3.1 – Presumption in favour of sustainable development

The continued necessity for **Draft Policy 3.1** is questioned which replicates national policy. The presumption in favour of sustainable development is clearly set out in the revised NPPF (para 11). The revised NPPF confirms that Local Plans should avoid unnecessary duplication including repetition of policies in the NPPF itself (revised NPPF para 16f). It is suggested that **Draft Policy 3.1** is deleted.

### **Draft Policy 3.2 – Settlement Hierarchy**

The current spatial strategy, distribution of development and settlement hierarchy should be reviewed. The LPR should provide sufficient opportunities to allow identified housing needs to be met in full by providing a clear framework that ensures policies in the LPR can be effectively applied. The Council should consider a spatial strategy that is as permissive as possible by allowing development adjacent to as well as within settlement boundaries. It is important that the Council's proposed housing distribution recognises the difficulties facing rural communities such as acute housing supply and affordability issues. In East Dorset in 2016 the median household income to house price ratio was 11.73 which worsened to 13.23 in 2017. The proposed distribution of housing should meet the housing needs of both urban and rural communities.

### **Draft Policy 3.12 – Transport & Development**

It is premature for the Council to introduce a requirement for electric vehicle charging points in residential developments as proposed in **Draft Policy 3.12**. Before pursuing such a policy requirement, the Council should engage with the main energy suppliers in order to determine network capacity to accommodate any adverse impacts if a proportion of dwellings are to have a re-charge facility. If re-charging demand became excessive there may be constraints to increasing the electric loading in an area because of the limited size and capacity of existing cables and new sub-station infrastructure may be necessary. The cost of such infrastructure may adversely impact on housing delivery. If electric vehicles are to be encouraged by the Government, then a national standardised approach implemented through the Building Regulations would be more appropriate. The Council should be wary of developing its own policy and await the outcome of the Government's proposed future consultation to be undertaken by the Department of Transport later this year.

### **Draft Policy 3.13 – Parking Provision**

The setting of any car parking standards for residential development should be undertaken in accordance with the revised NPPF (paras 105 & 106).

### **Draft Policy 4.3 – Sustainable Development & New Development**

Under the revised NPPF Plans should contain policies that are clearly written and unambiguous (para 16d). In **Draft Policy 4.3** it is unclear if the Council is proposing to adopt the higher optional water efficiency standard of 110 litres per person per day as opposed to the mandatory Building Regulation standard of 125 litres per person per day. The Written Ministerial Statement (WMS) 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 to 56-017) 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”*. The revised NPPF reaffirms that planning policies should be underpinned by relevant and up to date evidence which supports and justifies the policy concerned (para 31).

#### **Draft Policy 4.4 – Renewable Energy Provision for residential developments**

Under the revised NPPF new development should be planned to help reduce greenhouse gas emissions by its location, orientation and design. Any local requirements for the sustainability of buildings should reflect the Government’s policy for national technical standards (para 150b). **Draft Policy 4.4** proposes a prescriptive approach whereby 10% of regulated energy usage on residential developments of 10+ dwellings will be expected from renewable, decentralised or low carbon energy generation. The Government has sought to set standards for energy efficiency through the national Building Regulations and to maintain this for the time being at the level of Part L 2013. The WMS published on 25 March 2015 sought to clarify the regulatory regime. At that time the Government decided to improve energy efficiency for residential buildings through Part L of the Building Regulations. 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 as outlined in **Draft Policy 4.3**. From the start emphasis should be on a ‘fabric first’ approach which by improving fabric specification increases thermal efficiency and so reduces heating and electricity usage. Plans should identify opportunities for development to draw its energy supply from decentralised, renewable or low carbon energy supply systems and for co-locating potential heat customers and suppliers to help increase the use and supply of renewable and low carbon energy and heat (revised NPPF para 151c). The revised NPPF does not stipulate that the Council should be seeking connection to such energy supply systems. Indeed such a requirement is unfair to future consumers by restricting their ability to change energy supplier. It is suggested that **Draft Policy 4.4** is deleted.

#### **Draft Policy 4.15 – Size & Type New Dwellings**

If the Council wishes to adopt the Nationally Described Space Standard (NDSS) as a policy requirement in **Draft Policy 4.15** then this should only be done by applying the criteria set out in the revised NPPF (para 127f & Footnote 42), the WMS dated 25<sup>th</sup> March 2015 and the NPPG. The WMS 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”*. The NPPG sets out that *“Where a need for internal space standards is identified, local planning authorities should provide justification for requiring*

*internal space policies. Local Planning Authorities should take account of the following areas need, viability and timing” (ID: 56-020) :-*

- **Need** - It is incumbent on the Council to provide a local assessment evidencing the specific case for East Dorset which justifies the inclusion of the NDSS as a policy requirement. The identification of a need for the NDSS must be more than simply stating that in some cases the standard has not been met it should identify the harm caused or may be caused in the future.
- **Viability** - The impact on viability should be considered in particular an assessment of the cumulative impact of policy burdens. There is a direct relationship between unit size, cost per square metre, selling price per metre and affordability. The Council cannot simply expect home buyers to absorb extra costs in a District where there exists severe affordability pressures. There is also an impact of larger dwellings on land supply. The requirement for the NDSS would reduce site yields or the number of units on a site. Therefore the amount of land needed to achieve the same number of units must be increased. The efficient use of land is less because development densities have been decreased. At the same time the infrastructure and regulatory burden on fewer units per site intensifies the challenge of meeting existing use plus land values which determines whether or not land is released for development by a willing landowner especially in lower value areas and on brownfield sites. It may also undermine delivery of affordable housing whilst at the same time pushing additional families into affordable housing need because they can no longer afford to buy a NDSS compliant home. The Council should undertake an assessment of these impacts.
- **Timing** - The Council should take into consideration any adverse effects on delivery rates of sites included in its housing trajectory. The delivery rates on many sites will be predicated on market affordability at relevant price points of units and maximising absorption rates. An adverse impact on the affordability of starter home / first time buyer products may translate into reduced or slower delivery rates. As a consequence the Council should put forward proposals for transitional arrangements. The land deals underpinning the majority of identified sites may have been secured prior to any proposed introduction of the NDSS. These sites should be allowed to move through the planning system before any proposed policy requirements are enforced. The NDSS should not be applied to any outline or detailed approval prior to the specified date and any reserved matters applications should not be subject to the NDSS.

#### **Draft Policy 4.16 – Design, layout & density**

The HBF is supportive of the efficient use of land. The setting of any density standards in the new Local Plan should only be undertaken in accordance with the revised NPPF (para 123) in the circumstances of an existing or anticipated shortage of land for meeting identified housing needs. In such circumstances a

minimum density in suitable locations such as town centres and those benefiting from good public transport connections may be appropriate. However a blanket approach to minimum densities across all the District would be inappropriate and unlikely to provide a variety of typologies to meet the housing needs of different groups. The inter-relationship between density, house size (including any implications from the introduction of optional NDSS and / or accessible / adaptable homes standards), house mix and developable acreage on viability should also be carefully considered especially if future development is located in less financially viable areas.

#### **Draft Policy 4.17 – Affordable Housing**

The LPR should set out the level and type of affordable housing provision require together with other infrastructure. However such policies should not undermine the deliverability of the LPR (revised NPPF para 34). Viability assessment is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact on the viability or otherwise of development. The cumulative burden of policy requirements should be set so that the majority of sites are deliverable without further viability assessment negotiations (revised NPPF para 57). Therefore it is important that the Council understands and tests the influence of all inputs on viability 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 Council’s viability evidence is out of date originating from 2009 and 2013. An updated viability assessment should be undertaken in order to determine whether or not the proposed affordable housing provision of up to 50% on greenfield sites of more than 10 dwellings (unless otherwise stated in strategic policies) and up to 40% on non-greenfield sites of more than 10 dwellings together with the cumulative burden of other policy requirements and necessary infrastructure provision is viable and deliverable. **Draft Policy 4.16** should also comply with revised NPPF requirements for affordable home ownership (para 64).

It is also noted that under **Draft Policy 4.17** if 10 or more affordable dwellings are provided then 10% of affordable housing should be accessible / adoptable homes. Under the revised NPPF Plans should contain policies that are clearly written and unambiguous (para 16d) therefore the Council should define if M4(2) or M4(3) standards are required. The WMS 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. All new homes are built to Building Regulation Part M standards. So it is incumbent on the Council to provide a local assessment evidencing the specific case for East Dorset which justifies the inclusion of optional higher standards for accessible / adaptable homes and the quantum thereof. The District’s ageing population is not unusual and is not a



phenomenon specific to Christchurch. If it had been the Government's intention that generic statements about an ageing population justified adoption of higher optional accessible / adaptable standards then the logical solution would have been to incorporate the standard as mandatory via the Building Regulations which the Government has not done. The optional higher standards should only be introduced on a "need to have" rather than "nice to have" basis.

#### **Draft Policy 4.27 – Design of New Development**

**Draft Policy 4.27** should set out a clear design vision and the Council's expectations so that developers have as much certainty as possible about what is likely to be acceptable (revised NPPF para 125). A Supplementary Planning Document (SPD) should not add to the financial burden of development so the Council should not be seeking to impose any housing standards that have not been subject to viability testing. The Regulations are equally explicit in limiting the remit of an SPD so that policies dealing with development management cannot be hidden. In this context the Council is referred to the recent High Court Judgement between William Davis Ltd, Bloor Homes Ltd, Jelson Homes Ltd, Davidson Homes Ltd & Barwood Homes Ltd and Charnwood Borough Council Neutral Citation Number : [2017] EWHC 3006 (Admin) Case No. CO/2920/2017 which deals with a policy within a document that should have been issued in the form of a Development Plan Document (DPD) and not in the form of an SPD because DPDs must, if objection is taken to them, be subject to independent examination whereas SPDs are not.

#### **Draft Policy 4.30 – Open Space**

Under **Draft Policy 4.30** any financial contributions towards improving the quality and accessibility of existing open space should only be sought where new development necessitates new or improved infrastructure or where mitigation is required to make a development acceptable in planning terms.

#### **Conclusion**

It is hoped that these responses will assist the Council in informing the next stages of the East Dorset LPR. In the meantime if any further information or assistance is required please contact the undersigned.

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



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