

Sent by email to: planning.policy@folkestone-hythe.gov.uk

11/03/2019

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the Folkestone and Hythe Core Strategy Review

Thank you for consulting the Home Builders Federation (HBF) on the Core Strategy Review. 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.

We would like to submit the following representations on the Local Plan and we would welcome, in due course, participating in hearings of the Examination in Public to clarify our concerns regarding the soundness of this plan.

Duty to co-operate

Paragraphs 24 to 27 of the National Planning Policy Framework (NPPF) provide the outline as to the level of co-operation required between neighbouring authorities. In particular paragraph 27 states that in order to demonstrate effective and on-going joint working strategic policy making authorities should:

“...prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.”

Whilst the Council has prepared a statement on its activities with regard to the duty to co-operate, we could not find any statements of common ground with their neighbouring authorities. This is a requirement of national policy and these should be part of the Council's evidence with regard to the duty to co-operate. At present it would appear that the Council has agreed a memorandum of understanding with other authorities in East Kent where each has agreed to meet its own needs. However, the Council have not published this MoU as part of their evidence. We would have



expected that the Council would have agreed a statement of common ground with these authorities as required by national policy and Planning Practice Guidance (PPG). Without such a statement the Council do not have the required evidence to support their assertion that they have co-operated effectively. Away from the East Kent authorities there is no consideration as to cross boundary or strategic issues neighbouring authorities. This is a concern given that one of Folkestone and Hythe District Council's (FHDC) neighbours is Rother District Council whose local plan will be out of date later this year yet delivery through their Development and Site Allocations Local Plan (DaSA) will fall significantly short of what is expected by Government through the application of the standard method. The implications of under delivery within Rother, and the steps being taken to address this matter, should have been explored through a Statement of Common Ground. Without the necessary co-operation the Council cannot have considered a key aspect of paragraph 60 of the NPPF which states that:

"In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for."

The Council must ensure it has the necessary evidence in relation to the duty to co-operate prior to the submission of the CSR. If not, the plan cannot be considered to have evidenced the level of co-operation required by the NPPF.

Housing Needs

Policy SS2: Housing and the Economy Growth Strategy

This policy is unsound as it is inconsistent with national policy

This policy sets out the Council's housing requirement at 676 dwellings per annum (dpa) in order to deliver 12,845 homes over the plan period. As the Council outline in paragraph 4.11 of the Core Strategy Review (CSR), this was based on the latest information on household projections (the 2016-based projections). Whilst we recognise that there was some uncertainty with regard to the use of the 2016-based projections prior to the publication of the CSR this uncertainty has now be addressed by Government. In February, the Government published its response to the comments made on the Technical Consultation on updates to national planning policy and guidance which confirmed that it intended to require the use of the 2014-based household projections when calculating the local housing needs assessment. As such the minimum number of homes the Council need to plan for is 751 dpa, a total of 14,269 homes over the plan period.

We note in paragraph 4.13 that the Council considered that any changes in housing needs resulting from this consultation will be dealt with through a review of the plan. It is not clear whether this will be a review of this plan prior to submission or whether the Council are proposing a review after adoption. If it is the later then this cannot be considered a sound approach to plan preparation as it means that housing needs the

Council are required to plan for now will not be addressed until after a further review of this plan. Given that there is no uncertainty as to the number of homes the Council should be seeking to deliver the housing requirement in the CSR must be increased to reflect the local housing needs assessment calculated on the 2014-based projections. As a result, further sites must be allocated in this plan to meet this higher level of needs.

Recommendation

Housing requirement in SS2 is increased to 751 dpa and 14,269 homes between 2018/19 to 2036/37. Given that the Council has identified sufficient land to deliver 13,160 new homes additional allocations made to ensure needs are met in full.

Meeting housing needs

The Council's expectations (as set out in policies SS1, SS2 and SS3) and is that the over half of the housing needs during the plan period will be delivered through the new Garden Settlement to the south of Sellindge. The HBF welcomes the decision to deliver a new settlement which represents an ambitious approach to meeting the longer-term needs of the area. However, we have some reservations as to the reliance on this new settlement to meet so much of the Borough's housing needs during the plan period. The expectation is that the new settlement will start delivering homes in 2021/22 at 325 homes for the first 3 years rising to 450 years at the end of the plan. This level of delivery however is contradictory to the report on the assessment and deliverability and viability of the proposed new settlement. Paragraph 7.9 of this report states that the promoter has adopted a build out rate of 300 units per annum across the plan period. Evidence must be provided as to why the Council considers this site to deliver at the rate set out in the Council's housing trajectory.

We are also concerned that the Council expects the new settlement to commence delivery within the first five years of the plan. Whilst we recognise that a considerable amount of work has been undertaken prior to the submission of the expected submission of the planning permission in early 2019 evidence by Lichfields in their report *Start to Finish*¹ (2016) shows this period is likely to take between 2 and 8 years. Even if the application was dealt with quickly it appears ambitious to expect completions of over 300 dpa from 2021, as is indicated in the Council's indicative housing trajectory on page 179 of the CSR. It is important that Councils are not overly ambitious with delivery on strategic sites recognising the complexity of delivering such schemes. Most recently this concern was identified in Sir Oliver Letwin's independent review of build out, delivery on large housing sites may be held back by numerous constraints including discharge of pre-commencement condition, limited availability of skilled labour and building materials, a lack of capital, constrained logistics of sites, slow delivery of utilities and absorption rates of open market sales.

We would suggest that this evidence indicates that the new settlement will not start delivering at the rates expected by 2021 and that a more cautious approach is taken

¹ <https://lichfields.uk/media/1728/start-to-finish.pdf>

with regard to the number of homes that will come forward from the new settlement over the plan period. It will be necessary to allocate a range of further sites in sustainable locations across the borough to ensure supply is maintained.

Windfall

The Council have included a windfall allowance of 55 homes per annum from 2020/21. Firstly, we would suggest that windfall is not included in the first 3 years of any plan to ensure that there is no double counting of delivery against homes with current planning permissions. Secondly, whilst past delivery has shown that average windfall development has averaged circa 60 dpa the Council cannot expect this to continue over a 20-year period. It is likely that this will reduce over time and should be reflected in the Council's housing trajectory. Delivery since 2013 will also have been affected by the changes in permitted development rights which could have inflated delivery.

Five-year housing land supply

Data on delivery supplied by the Council, and which was used as the basis for the housing trajectory in figure 6.1, indicates that the Council would have a 5.9-year housing land supply assuming the plan is adopted in 2020. However, as highlighted above, that includes delivery of 1,775 homes from the New Garden Settlement in that period. This is an ambitious target and whilst we welcome the decision to deliver a new settlement, we are concerned that the Council needs this strategic site to deliver so early in the plan period to maintain a five-year housing land supply. Any delays in the delivery of this significant project must be considered within the delivery expectations for this new settlement and taken into account in the five-year housing land supply.

Small sites

Paragraph 68 of the NPPF requires 10% of an areas housing requirement to be delivered on sites identified in either the development plan or brownfield register that are no larger than 1 hectare. We could not find the necessary evidence showing that the Council will deliver against this important target in the NPPF. The Council must show that it has formally identified sufficient small sites to deliver 10% of its housing requirement on smaller sites.

CSD1: Balanced neighbourhoods

This policy is unsound because it is not consistent with national policy

We do not consider the policy to be consistent with national policy. Paragraph 16(d) of the NPPF is clear that local plans should “*contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals*” However, this policy sets each requirement for affordable housing in the policy as minimum. In setting out this target as a minimum the Council are creating unnecessary uncertainty for the house building industry. Developers should be able to cost schemes with a high degree of predictability and this policy does not support this

position. At present this policy appears to be the starting point of a negotiation and that the Council will seek higher contributions. By asking for a minimum affordable housing contribution it is not clear as what is expected and as such this policy should not be framed in this manner.

We also consider the requirement for land “capable of accommodating” development of either 6 to 10 dwellings or 11 to 14 dwellings to be inconsistent with national policy. Densities are dictated by the topography of the site, the character of the surrounding development, tree preservation orders, access etc. As such it is difficult to be definitive as to when a site could or could not deliver more development. We therefore consider this approach to be ambiguous as to how the decision maker should react and as such it is inconsistent with nation policy.

Our final concern regarding the wording of this policy is in relation to the definitions of affordable housing. The Council should replace “*affordable rent/social rent*” with “*affordable housing for rent*” as Annex 2 of the NPPF outlines that this definition encompasses both these tenures as well as other acceptable form of affordable rent such as those that a 20% below market rents. This amendment will ensure consistency with the Government’s definitions of affordable housing and would suggest that the same amendment is made in policy CSD2. Similarly reference to shared equity schemes should be replaced with “starter homes, discounted market sales and other affordable routes to home ownership”

Viability

The Council acknowledge in paragraph 5.7 of the CSR that the current policy on affordable housing has delivered very few affordable homes. This suggests that the previous policy was not viable and that a reduction in the policy requirements for affordable housing was needed. We therefore welcome the decision to reduce the affordable housing requirements within this plan. However, we note that the Council has not updated its viability assessment to support the CSR. Whilst we recognise that this is not always necessary, given the publication of the 2019 NPPF and its associated guidance places far more emphasis on ensuring development viability through the local plan consideration may need to be given as to whether costs and values have changed since 2017. This is important given that the sensitivity analysis undertaken by the Council considers an increase costs of 5% against an increase in sales value of 10%. Consideration was not given to the potential for much lower increases in sales values against increased build costs. Given that so few affordable homes were delivered through the previous policy, and the changes in national policy focussing viability assessment being undertaken principally during plan making, it will be important that the Council are certain that development will be viable on the basis of the policy requirements of both the CSR and the Places and Policies Local Plan.

Recommendation

That the following amendments be made to CSD1:

All housing development should include a broad range of tenures incorporating market housing for sale and affordable housing (affordable housing for rent, starter homes, discounted market sales housing and other affordable routes to home ownership), wherever practicable and subject to viability, as follows:

- *Development proposing ~~(or land capable of accommodating)~~ 6 to 10 dwellings (net gain) within the Kent Downs Area of Outstanding Natural Beauty should provide financial contributions towards the provision of affordable housing equivalent to one affordable dwelling on-site;*
- *Development proposing ~~(or land capable of accommodating)~~ 11 to 14 dwellings (net gain) at any location within the district should provide ~~a minimum~~ of two affordable dwellings on-site; and*
- *Development proposing (or land of 0.5ha or more in size) 15 or more dwellings (net gain) at any location within the district should provide ~~a minimum~~ of 22 per cent affordable dwellings on-site.*

For development proposing 15 or more dwellings, as a starting point approximately 30 per cent of the affordable housing provision shall be starter homes, discounted market sales or other affordable routes to home ownership ~~shared equity~~ and 70 per cent affordable housing for rent ~~affordable rent/social rent~~. For sites under this threshold, the proportion of affordable housing tenures will be negotiated on a site-by-site basis.

CSD2: District Residential Needs

The policy is unsound as it not effective or justified

Housing mix

The HBF understands the need for a mix of house types, sizes and tenures and is generally supportive of providing a range and choice of homes to meet the needs of the local area. It is, however, important that any policy is effective and ensures that housing delivery will not be compromised or stalled due to overly prescriptive requirements or the need to provide significant amounts of additional evidence. Paragraph 11 of the NPPF recognises this need for flexibility stating that plans should be “*sufficiently flexible to adapt to rapid change*”. Policies identifying a precise mix do not offer that flexibility and as such cannot be considered sound.

It is important to remember that whilst Strategic Housing Market Assessments (SHMA) can provide a broad snapshot in time of what is needed across an LPA or HMA they do not provide a definitive picture as to the demand for different types of homes in specific locations. So, whilst we support Council's in seeking to achieve a broad mix across the plan period this should not be translated directly into policy. It should be left for developers to supply the homes they consider are necessary to meet demand. The development industry understands what types of homes are needed to meet the demands of its customers, if it did not then the homes would not sell.

We would therefore suggest that the policy requires applications for housing development to have regard to the evidence on housing mix but that the final mix is left to agreement between the applicant and developer on a site by site basis. This would establish a flexible approach to housing mix which recognises that needs and demand will vary from area to area and site to site; ensures that the scheme is viable; and provides an appropriate mix for the location and the nature of the site being developed. We also consider the threshold for consideration of mix at 15 units to be too low and it is not effective for small sites to deliver a mix based on the table in this policy and could compromise the delivery of smaller sites which is contrary to Government's desire to increase the number of such sites coming forward.

Recommendation

That the second paragraph be amended as suggested below:

Within developments of ~~15~~ 50 or more dwellings (net gain), where viable and practical:

- *A range of housing tenures should be provided including owner-occupied and private rented and affordable housing in accordance with CSD1. The council's Strategic Housing Market Assessment (SHMA) will be used as a starting point ~~for determining~~ when considering the mix of tenures; and*
- *A range of sizes of new dwellings should be provided. As a starting point, this range should ~~reflect~~ consider the mix identified in the SHMA as follows:*

Tenure	One bed (per cent)	Two to three bed (per cent)	Four bed + (per cent)
Owner-occupied / private rent	5 - 20	65 - 70	15 - 30
Affordable tenures (shared ownership <u>starter homes, discounted market sales or other affordable routes to home ownership / affordable rent/social rent affordable housing for rent</u>)	20 - 25	50 - 60	20 - 25

Optional technical standards – Water efficiency standards

Inclusion of lower standards for water efficiency in SS6 and CSD9 is inconsistent with national policy

We do not consider the requirements in each of the allocations policies for each dwelling not to exceed 90 litres per person per day to be consistent with national policy. Planning Practice Guidance outlines that where there is sufficient evidence than the local plan can set standards at 110 litres per person per day. As such, there is no scope for seeking to achieve a lower level.

Recommendation

This requirement should be deleted from SS6 and CSD9

Conclusions

At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 35 of the NPPF, for the following reasons:

- No statements of common ground have been prepared as required by the NPPF;
- The local housing needs assessment has been calculated using the 2016-based household projections;
- Concerns regarding the delivery rates for the Garden Settlement;
- No evidence to show that the Council will provide 10% of all homes on small sites of no more than 1 hectare;
- Ambiguous wording in policy CSD1 is not consistent with national policy;
- Housing mix policy in CSD2 is insufficiently flexible to be effective; and
- Optional technical standards on water efficiency are not consistent with national policy.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully



Mark Behrendt MRTPI
Planning Manager – Local Plans
Home Builders Federation
Email: mark.behrendt@hbf.co.uk
Tel: 020 7960 1616