

Home Builders Federation

Matter 5

UTTLESFORD LOCAL PLAN EXAMINATION

Matter 5 – Objectively Assessed Needs for Housing and Employment Land (Policies SP3 & SP4)

Housing

1. Does the West Essex and East Hertfordshire Strategic Housing Market Assessment (SHMA) September 2015 appropriately define the housing market area? If not, what are the consequences for the housing requirement figure in policy SP3?

We have no specific concerns with the Housing Market Area (HMA) proposed in the SHMA. However, it is important to recognise that HMAs around London will be significantly influenced by the capital and form part of a wider London housing market. It is therefore important that careful consideration is given as to how needs and planned supply in the capital will impact on this HMA. Undersupply within the capital will have an impact on migration and potentially reduce the impact of any proposed market signals uplifts that are being proposed as those households unable to find appropriate accommodation in London look to areas such as Uttlesford, and the other authorities in the HMA, to meet their accommodation needs.

2. Does the OAN figure in the July 2017 SHMA update take account of the most recent DCLG household projections, market signals, economic/jobs growth and the need for adequate levels of affordable housing to be provided?

Household projections

The guidance supporting the 2012 NPPF requires wherever possible for local needs assessments to be informed by the latest available information but also clarifies that a change in the data does not automatically mean a housing assessment is rendered out of date. With regard to the E Herts and W Essex HMA we do not consider it appropriate to use these new projections.

The first concern is in relation to the wider objectives of the Government with regard to boosting housing supply. The Government clearly consider the 2016-projections to be at odds with their stated aspiration to deliver 300,000 homes by the mid 2020s and for



this reason have chosen, in the short term, to require the use of the 2014-based projections when using the standard method. The Government set out within the Technical Consultation, published last year, why they consider the latest projections are not a justification for lower housing needs with paragraph 27 of that document stating that:

“Basing the assessment of local housing need on 2016-based household projections, would either not support the Government’s objective of significantly boosting the supply of homes (if other variables were unchanged or produce major distributional changes that would produce instability for local planning authorities in general (if other variables were changed to produce an aggregate consistent with other estimates)”

So, whilst the technical consultation was undertaken with regard to the standard method the Government are clear that the level of growth suggested in the latest projections do not achieve the boost to housing supply - as is also required by paragraph 47 of the NPPF.

As set out in our representations we already have concerns regarding the approach taken in establishing the OAN for the HMA which reduces the demographic starting point for the HMA compared to the unadjusted 2014-based projections. To adjust it any further on the basis of the 2016-based projections would mean that the OAN for the HMA moves further away from the Government’s expectations as to what it considers a boost to housing supply as established under the standard method. Whilst we recognise that the standard method is not a material consideration the Government’s objective of delivering 300,000 homes per annum from the mid-2020s is a material consideration that must be taken into account with regard to the soundness of the adjustments being made by the Council. We would therefore suggest that the Council uses the 2014-based household projections adjusted for vacancy and second homes as the demographic starting point (545 dpa).

Market signals

The 2015 SHMA and the 2016 SHMA update both included a 20% uplift for market signals. Given the evidence presented in the SHMA we would consider this level of uplift to be reasonable and in line with the uplifts being proposed in other Borough’s with similar development pressures and affordability concerns. However, in 2017 a further paper was produced for the HMA that reduced the market signals uplift to 14%. This reduced the overall OAN from 54,068 dwellings to 51,710 dwellings between 2011 and 2033. The justifications for this change are set out in paragraph 1.21 of the 2017 SHMA update and are based on the statement in PPG that plan makers should set the market signals adjustment “...at a level that is reasonable”.

We do not agree that this particular statement in PPG was intended to be used to constrain the market signals adjustment in the way suggested by the Council. In fact, we would consider the Council’s approach to be contradictory to PPG which states in the same paragraph that plan makes should:

“... increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period”

The Council's approach is also contradictory to the recent consultations published by Government which express concerns regarding lower levels of household formation and the need to increase supply to address this concern.

We therefore do not consider the Council to have justified the reduction in the market signals on the basis that it would be unreasonable to expect increased net migration or improved household formation rates to occur. This position is seemingly contradictory to the Government's aspirations and suggests that the 20% uplift is the minimum level of adjustment that should be made. The market signals across the HMA and with Uttlesford show an area with worsening affordability and one that requires, as the Council also concluded until recently, the need for at least a 20% uplift in market signals.

3. Is the housing target in the Plan appropriately aligned with forecasts for jobs growth?

No comment

4. Is the stepped trajectory in policy SP3 and appendix 3 of the Plan appropriate and justified?

No. The starting point for any consideration of shortfall is established in paragraph 3-035-20140306 of Planning Practice Guidance. This states that the plan should:

“...aim to deal with any undersupply within the first 5 years of the plan period where possible”

Therefore, when preparing a plan, a key consideration should be how the Local Planning Authority can ensure that the backlog is addressed in the first five years of the plan. However, the position set out by the Council in the local plan to justify this decision is that delivery is much higher later in the plan period. This is not sound justification. The Council should have recognised this situation and looked allocate sites that would provide it with sufficient flexibility in the early part of the plan period to meet needs consistently across the plan period and address any backlog in the first five years.

The position being put forward by the Council will mean that housing needs from the previous 8 years will not be addressed until much later in the plan period. This situation will mean that affordability is likely to worsen, and household formation will continue to be suppressed. It is for these reasons why the Government state that where needs cannot be addressed within five years, LPAs should use the duty to co-operate to ensure the backlog is addressed within neighbouring authorities. This is to ensure that the negative impacts of the backlog are minimised through delivery within the Housing

Market Area. Pushing back delivery using the stepped trajectory and Liverpool methodology as proposed by the Council is, therefore, unjustified.

The concerns regarding the use of stepped trajectories and the Liverpool methodology where there is a significant backlog was addressed at the recent examination of the Guildford Local Plan. In his interim note to the Council the inspector stated:

“...the submitted plan’s level of delivery in the early years, based on a stepped trajectory combined with the Liverpool methodology, is not acceptable. It would negate the purpose of the 20% buffer (which the Council accept), frustrate attempts to address key factors affecting worsening affordability, and would be contrary to Government policy which is seeking to boost the supply of housing.”

He concluded in the following paragraph that:

“... the Council should not adopt a stepped trajectory but should identify additional sources of housing delivery in the early years of the Plan.”

We would suggest the Council are in a similar position and they must do more to address the current backlog rather than rely on a stepped trajectory. Rather than plan for a stepped trajectory the Council should have looked to allocate additional small and medium sized sites that would have addressed the backlog within 5 years as required by PPG. To some extent the need for a stepped trajectory is a result of an over reliance on strategic sites that come forward later in the plan period. Allocation of additional sites would have ensured a more significant buffer against the housing requirements ensuring the back log would be addressed in a manner consistent with national policy.

5. Does the housing target take appropriate account of the need to ensure that the identified requirement for affordable housing is delivered?

No comment

6. The soundness of proposals for the land allocations in the Plan will be considered at Stage 2 of the Examination. However, on the basis of the Plan as submitted, is it realistic that they would provide for:

a) A supply of specific deliverable sites to meet the housing requirement for five years from the point of adoption.

Using the stepped trajectory and the delivery expectations set out in the latest land supply statement (1103.2) we would agree that the Council that they have a 5.14-year housing land supply. However, we note that the Council includes windfall allowance within the first 3 years of the five-year supply. This is an unsound approach as it leads to double counting against existing permissions that will be built out during the first three years of the 5-year period. To avoid the potential for double counting windfall allowance should not be included in the first three years of the five-year housing land

supply assessment. This reduces the overall supply during this period by 210 units with overall housing land supply falling from 3,210 to 3,000 for the 2018/19 to 2022/23 period. This results in a housing land supply of just 4.8 years.

Table 1: Five-year land supply 2018/19 to 2022/23 with windfall removed from first three years

A. Basic five-year requirement 2018/19 to 2022/23	2,976
B. Backlog 2011/12 to 2017/18	0
C. Total 5-year requirement 2018/19 - 2022/23 (A+B)	2,916
D. Buffer (C x 0.05)	146
E. Requirement with buffer (C+D)	3,125
F. Supply 2018/19 to 2022/23	3,000
G. Surplus/shortfall (F-E)	125
H. Years supply in first five years	4.80

It is also important to consider the Council land supply position for future years and whether the Council's expected trajectory will continue to show a five-year housing land supply. The tables in appendix 1 set out the Council's rolling five-year land supply for the remaining plan period using both the Sedgefield and Liverpool methodology (with and without windfall allowance between 2018/19 to 2020/21) and show that even the best case scenario the Council will not have a five year land supply between 2020/21 and 2025/26. If the windfall is removed from the first three years of planned delivery (2018/19 to 2020/21) then the Council will not have a five-year housing land supply until 2027/28.

The Council must identify further sites to be allocated in the local plan to ensure that there is a five-year housing land supply on adoption and for the next 7 years. As outlined earlier the spatial strategy adopted by the Council which relies on the delivery of three strategic sites at the end of the plan period and that without a five year supply the Council's plan will be out of date as when it is adopted, or soon after. It is therefore recommended that the Council looks to provide a more significant buffer in these early years to ensure that the Council has a five-year housing land supply as well as providing the necessary buffer to ensure the housing requirement will be delivered.

b) A supply of specific, developable sites or broad locations for growth for years 6-10 from the point of adoption?

The HBF does not comment on the deliverability of specific sites. However, we would suggest that the delivery rates of larger sites or broad locations for development should be cautious. Whilst some strategic sites can come forward quickly, especially where a housebuilder is on board, many come forward far slower than expected by Local Planning Authorities. Adopting cautious delivery expectations and preparing plan on that basis will ensure that targets are met.

If you contend that the Plan would not provide for either (a) or (b) above (or both) could it be appropriately modified to address this?

In order to ensure a five-year land supply on adoption the Council must identify additional sites and allocate these in the local plan.

Mark Behrendt MRTPI
Planning Manager – Local Plans SE and E

Appendix 1. Rolling five-year housing Land Supply 2018/19 to 2028/29

Sedgefield

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Annual Requirement	568	568	568	568	704	704	704	704	704	704	704	704	704	704	704
Expected delivery	737	461	686	701	625	493	475	620	710	730	780	859	860	880	980
Surplus/Backlog from previous years	0	169	62	180	313	234	23	-206	-290	-284	-258	-182	-27	129	305
Five-year requirement	2,976	3,112	3,248	3,384	3,520	3,520	3,520	3,520	3,520	3,520	3,520	-	-	-	-
Total requirement	2,976	2,943	3,186	3,204	3,207	3,286	3,497	3,726	3,810	3,804	3,778	-	-	-	-
Buffer (5%)	149	147	159	160	160	164	175	186	191	190	189	-	-	-	-
Total 5-year requirement	3,125	3,090	3,345	3,364	3,367	3,450	3,672	3,912	4,001	3,994	3,967	-	-	-	-
Five-year supply	3,210	2,966	2,980	2,914	2,923	3,028	3,315	3,699	3,939	4,109	4,359	-	-	-	-
5YHLS	5.14	4.80	4.45	4.33	4.34	4.39	4.51	4.73	4.92	5.14	5.49	-	-	-	-

Liverpool

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Annual Requirement	568	568	568	568	704	704	704	704	704	704	704	704	704	704	704
Expected delivery	737	461	686	701	625	493	475	620	710	730	780	859	860	880	980
Surplus/Backlog from previous years	0	169	62	180	313	234	23	-206	-290	-284	-258	-182	-27	129	305
Five-year requirement	2,976	3,112	3,248	3,384	3,520	3,520	3,520	3,520	3,520	3,520	3,520	-	-	-	-
Total requirement	2,976	3,052	3,224	3,309	3,378	3,403	3,507	3,649	3,727	3,757	3,778	-	-	-	-
Buffer (5%)	149	153	161	165	169	170	175	182	186	188	189	-	-	-	-
Total 5-year requirement	3,125	3,204	3,385	3,474	3,547	3,573	3,683	3,831	3,914	3,945	3,967	-	-	-	-
Five-year supply	3,210	2,966	2,980	2,914	2,923	3,028	3,315	3,699	3,939	4,109	4,359	-	-	-	-
5YHLS	5.14	4.63	4.40	4.19	4.12	4.24	4.50	4.83	5.03	5.21	5.49	-	-	-	-



Sedgefield – Windfall removed in first three years

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Annual Requirement	568	568	568	568	704	704	704	704	704	704	704	704	704	704	704
Expected delivery	667	391	616	701	625	493	475	620	710	730	780	859	860	880	980
Surplus/Backlog from previous years	0	99	-78	-30	103	24	-187	-416	-500	-494	-468	-392	-237	-81	95
Five-year requirement	2,976	3,112	3,248	3,384	3,520	3,520	3,520	3,520	3,520	3,520	3,520	-	-	-	-
Total requirement	2,976	3,013	3,326	3,414	3,417	3,496	3,707	3,936	4,020	4,014	3,988	-	-	-	-
Buffer (5%)	149	151	166	171	171	175	185	197	201	201	199	-	-	-	-
Total 5-year requirement	3,125	3,164	3,492	3,585	3,588	3,671	3,892	4,133	4,221	4,215	4,187	-	-	-	-
Five-year supply	3,000	2,826	2,910	2,914	2,923	3,028	3,315	3,699	3,939	4,109	4,359	-	-	-	-
5YHLS	4.80	4.47	4.17	4.06	4.07	4.12	4.26	4.48	4.67	4.87	5.20	-	-	-	-

Liverpool - Windfall removed from first three years

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Annual Requirement	568	568	568	568	704	704	704	704	704	704	704	704	704	704	704
Expected delivery	667	391	616	701	625	493	475	620	710	730	780	859	860	880	980
Surplus/Backlog from previous years	0	99	-78	-30	103	24	-187	-416	-500	-494	-468	-392	-237	-81	95
Five-year requirement	2,976	3,112	3,248	3,384	3,520	3,520	3,520	3,520	3,520	3,520	3,520	-	-	-	-
Total requirement	2,976	3,077	3,278	3,397	3,473	3,508	3,624	3,780	3,877	3,932	3,988	-	-	-	-
Buffer (5%)	149	154	164	170	174	175	181	189	194	197	199	-	-	-	-
Total 5-year requirement	3,125	3,230	3,442	3,566	3,647	3,683	3,805	3,969	4,071	4,128	4,187	-	-	-	-
Five-year supply	3,000	2,826	2,910	2,914	2,923	3,028	3,315	3,699	3,939	4,109	4,359	-	-	-	-
5YHLS	4.80	4.37	4.23	4.09	4.01	4.11	4.36	4.66	4.84	4.98	5.20	-	-	-	-