

CENTRAL LINCOLNSHIRE JOINT LOCAL PLAN EXAMINATION

MATTER 2 – OBJECTIVELY ASSESSED NEED, THE HOUSING REQUIREMENT AND AFFORDABLE HOUSING

The following Hearing Statement is made for and on behalf of the Home Builders Federation (HBF) in regard to the Central Lincolnshire Joint Local Plan. This Statement responds to the questions set out in the Inspectors Matters & Issues document. The following answers should be read in conjunction with our representations to the Joint Local Plan pre submission consultation ended on 26th May 2016.

Issue 2A – HOUSING MARKET AREA (HMA)

Q1. Central Lincolnshire has been defined as its own HMA however there are significant inter-relationships with neighbouring authorities in particular Bassetlaw, East Lindsey, North Lincolnshire and North East Lincolnshire District Councils where strong inter-connections with both the city of Lincoln and West Lindsey have been identified. Therefore Central Lincolnshire is not sufficiently self-contained as a HMA to disregard these overlaps.

Q2. Of particular concern is the inter-relationship with East Lindsey. The recent East Lindsey Draft Core Strategy & Settlement Proposals Plan consultation (ended 8th August 2016) defines East Lindsey District only as a HMA for the calculation of objectively assessed housing need (OAHN). In this context the HBF cites the comments of the Local Plans Expert Group (LPEG) Report published in March 2016 which refers to “ ... *industry concerns of a trend towards the adoption by authorities ... of smaller and smaller HMAs in an apparent attempt to avoid the full implications of the Duty to Cooperate and even of some authorities treating their own administrative boundaries as the extent of their housing market area, which seems inherently unlikely to be the case*” (para 3.6). Moreover the meeting of OAHN in East Lindsey is severely constrained by flood risk in coastal areas. The approach to calculating and meeting OAHN in East Lindsey has implications for Central Lincolnshire.

Q3. From the evidence accompanying recent consultations on emerging Local Plans in neighbouring authorities the HBF is concerned that the OAHN in East Lindsey, Boston and South Holland may have been under-estimated which may result in the future in unmet needs and if such needs are not accommodated by neighbouring authorities this may affect Central Lincolnshire. Whilst there is concern about emerging Local Plans it is also noted by the HBF that the neighbouring authority of Bassetlaw has an adopted Plan which is pre-National Planning Policy Framework (NPPF) and therefore not based on a NPPF compliant OAHN so again any unmet housing needs arising may affect Central Lincolnshire.

ISSUE 2B – OBJECTIVELY ASSESSED NEED FOR HOUSING

Q4. As set out in the National Planning Practice Guidance (NPPG) (ID 2a-016-20140306) a re-assessment of OAHN is only necessary if a meaningful change has been identified by the publication of the 2014 based Sub National Household Projections (SNHP). The HBF concur with the Councils that the 2014 SNHP have no material change on the starting point for the calculation of OAHN.

Q5. The 2012 Sub National Population Projections (SNPP) are underpinned by net migration over the short-term trend (5 years). This period 2007 – 2012 records a period largely represented by economic recession whereas a longer term 10 year trend covers a period of both economic boom and recession. It is considered that the long-term (10 years) net-migration trend is more representative of demographic change within the HMA and therefore demographic-led housing need is better represented by the 10 year net migration trend as proposed by the Councils. In its recommendations for a standard methodology for the calculation of OAHN the recently published LPEG Report to Government recommends that after sensitivity testing the higher of the 10 year and 5 year migration trend should be used. (Flowchart Step A in Appendix 6 of the LPEG Report) the HBF would concur with this view.

Q6. The Councils to answer but the HBF reserve the right to respond to the Councils explanation if necessary.

Q7. As set out in the Planning Advisory Service (PAS) Guidance “Objectively Assessed Need & Housing Targets” Technical Advice Note Second Edition dated July 2015 (paras 6.26 – 6.35) for consistency with the use of the 10 year migration trend in the calculation of OAHN it is reasonable and justifiable for the Councils to account for UPC.

Q8. It is agreed that an adjustment to household formation rates (HFR) in younger age groups is appropriate (NPPG ID 2a-017-20140306) because although the 2012 SNHP draw upon long term trends since 1971 the methodology applied means there is a greater reliance upon trends experienced over the last 10 years rather than to those experienced over the longer term. The implication of this bias is that the latest SNHP continue to be affected by suppressed trends in HFR associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households. There is also evidence to show that HFR for these groups are likely to recover as the economy improves (Town & Country Planning Tomorrow Series Paper 16, “*New estimates of housing demand and need in England, 2001 to 2031*” by Alan Holman).

Q9. However the use of the HFR adjustment as a mechanism to respond to market signals in order to improve affordability is inappropriate and the impact is considered to only account for demographic change and not worsening market signals. It is noted that the Inspector’s conclusions on the Arun Local Plan confirmed that a HFR adjustment should be considered independently of a market signals adjustment stating “*The Hearn report’s upward adjustment of*

26-28dpa (rounded to 25pa) should be added to the 820pa to assist an increase in household formation for the key 25-34 age group, mainly as a demographic adjustment” (para 1.28 of Arun Local Plan: Inspector’s OAN Conclusions dated 2nd February 2016). This is also the approach recommended in the LPEG Report for a standard methodology for OAHN whereby adjustments to HFR in younger age groups and for worsening market signals are separate and both are required (Flowchart Steps A & B in Appendix 6 of LPEG Report). Indeed the adjustment to HFR in younger age groups (25 – 44 years old) is proposed at the beginning of the assessment in the same way as any 10 year migration adjustment in order to establish the demographic starting point before any further uplifts to support economic growth and / or worsening market signals are applied.

Q10. The NPPG confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306). In the Central Lincolnshire there is evidence of worsening market signals, for example, the most recent Office National Statistics (ONS) House Price Index data shows house price increases across Central Lincolnshire (see Table below) with the most acute increase in North Kesteven which is above the average for both Lincolnshire and England. Since incomes have not risen proportionally with house prices increases the consequence is worsening affordability.

	Average house price (July 2016)	Average house price (July 2015)	% increase
Lincoln	£141,383	£134,625	5%
North Kesteven	£187,453	£170,758	9.8%
West Lindsey	£155,043	£146,548	5.8%
Lincolnshire	£164,983	£156,398	5.5%
England	£232,885	£213,518	9.1%

Source : ONS UK House Price Index England July 2016

Therefore whilst the HFR adjustment of only 3% is adequate as a demographic uplift it is inadequate as a market signal adjustment. In comparison the Eastleigh Local Plan Inspector’s Preliminary Conclusions on Housing Need a 10% uplift was proposed as a cautious approach to modest pressures on market signals whilst the Uttlesford Local Plan Inspector’s Conclusions found an overall increase of 10% was appropriate to achieve the objective of improving affordability. Alternatively the LPEG Report recommends an uplift of up to 25% dependant on house price and rental affordability ratios (see text in Appendix 6 of LPEG Report).

Q11. The Oxford Economics Forecast provides no more robust set of data than the Experian Economic Forecast. The Councils use of the Oxford Economics Forecast as its baseline is not justified.

Q12. The supply of housing land will not be sufficient to ensure that there are enough workers in relation to the amount of allocated employment land because the housing and economic strategies are not properly aligned.

Q13. If employment land development and job creation are higher than baseline forecasts there will be a need for more housing sites.

Q14. Yes there should be a review mechanism in the Joint Local Plan to monitor job growth against forecasts.

Q15. No comment from the HBF.

ISSUE 2C – HOUSING REQUIREMENT

Q16. The choice of the lower end of the identified OAHN range illustrates the mismatch between an ambitious economic growth strategy and only a modest boost to housing supply. The HBF consider that it is inappropriate to opt for the lower end of a range of OAHN figures. The Inspectors examining the North Somerset and the Brighton & Hove Local Plans found that if a range is identified the most appropriate figure to use is the upper end of the range. The North Somerset Local Plan Inspector concluded that *“the selection of the bottom end of the range was not in the spirit of positive planning and the national objective to boost significantly supply”* whilst the Brighton & Hove Local Plan Inspector confirmed *“the Framework’s requirement that a LPA should assess their full housing needs ... my view is that the Plan should indicate that the full OAHN is at the higher end of the range”*.

Q17. No the housing requirement does not reflect the “positive growth” vision of the Joint Local Plan.

Q18. The housing requirement should be expressed as a minimum.

Q19. The demolition of existing housing stock and other changes of use are housing supply matters which should not be taken into account in the expression of the housing requirement figure.

Q20. As set out in answer to Q3 the HBF believe that the OAHN in neighbouring authorities have been under-estimated therefore housing requirements in existing and emerging Local Plans may not meet housing needs resulting in unmet needs in the future. As set out in the recent LPEG Report in the circumstances of differences between OAHN and housing requirements the lack of objections or formal requests from neighbouring authorities does not demonstrate that there is no unmet need to be addressed. Therefore the Councils should carefully consider if there are any possible implications for the Joint Local Plan.

ISSUE 2D – AFFORDABLE HOUSING

Q21. The affordable housing need is identified as 17,400 dwellings.

Q22. The Councils to answer but the HBF reserve the right to reply to the Councils response. However if further shortfalls in affordable housing delivery have occurred since the original assessment of affordable housing needs then the Councils should confirm that this shortfall will be addressed.

Q23. MM/SC/3 is necessary to be consistent with national policy.

Q24. Policy LP11 will not deliver the vision of the Joint Local Plan “to meet the housing needs of all”.

Q25. It is contended that insufficient consideration to increasing housing supply to help support delivery of affordable housing was undertaken. As set out in the NPPG an increase in the total housing included in a Local Plan should be considered where it could help to deliver the required number of affordable homes (ID : 2a-029-20140306). In Central Lincolnshire there will be a significant difference between affordable housing needs and provision due to viability constraints. By way of comparison it is known that unlike Central Lincolnshire Joint Local Plan other Plans have included significant uplifts to meet affordable housing needs, for example, in Canterbury there is an uplift of 30% (paragraphs 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset there is an increase of 44% (paragraphs 77 & 78 BANES Core Strategy Final report 24 June 2014). Most recently the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy Inspector’s Interim Conclusions propose a 5% uplift to help deliver affordable housing needs. The Forest of Dean Inspector is also suggesting a 10% uplift in his Interim Findings “*to seek to deliver all of the identified affordable housing need as a proportion of market housing would result in unrealistic and undeliverable allocations. But it does not necessarily follow that some increased provision could not be achieved ...I consider that an uplift of 10%, which has been found reasonable in other plan examinations, would be more appropriate here*” (para 63). The LPEG Report recommends significant uplifts to meet OAHN for affordable housing (Flowchart Steps C & D in Appendix 6 of the LPEG Report) too.

Q26. The HBF is concerned that there are inconsistencies in the Councils viability evidence which do not justify the proposed affordable housing provision requirements in Policy LP11. The Councils proposals set out in the Draft Community Infrastructure Levy (CIL) Charging Schedule consultation (ended on 16th June 2016) are not calculated on an Affordable Housing Policy compliant basis. The Council’s proposed CIL charge of £20 per square metre in Lincoln and £15 per square metre elsewhere are only viable at 20% affordable housing provision in Lincoln and 15% elsewhere which are below the affordable housing provision requirements for all development sites other than Sustainable Urban Extensions (SUEs). On implementation the CIL charge is a non-negotiable mandatory payment and its introduction based on a non-compliant affordable housing policy calculation will render non-SUE development schemes unviable resulting in numerous negotiations between developers and the Councils. The “*CIL – Getting It Right*” publication by Savills sponsored by HBF dated January 2014 emphasised the three way trade-off between the costs of CIL, S106 funding for infrastructure and

affordable housing policy. The Councils are referred to the Mid Devon CIL Examiner's Report which reduced the proposed residential CIL rate as the Council had failed to properly account for the appropriate rate of affordable housing. The Councils are reminded that policy expectations should not be set so high that the majority of development schemes are rendered unviable by the cumulative burden of policy requirements.

Q27. The lower affordable housing percentage requirement for the SUEs is justified by the viability evidence.

Q28. The policy should be flexible to allow for negotiation of a lower affordable housing requirement on otherwise unviable schemes especially given HBF concerns raised in answer to Q26.

Q29. The Councils to answer but the HBF reserve the right to reply to the Councils response.

Q30. The Councils to answer but the HBF reserve the right to reply to the Councils response.

Q31. Policy LP11 and its supporting text should be sufficiently flexible to accommodate different types of affordable homes including Starter Homes if the Government incorporates such homes into the definition of affordable homes in any future revision of national policy.

Q32. The Joint Local Plan should include a review mechanism for monitoring the delivery of affordable housing and identify appropriate measures to increase supply if needed.

ISSUE 2E – CONCLUSION ON LOCAL PLAN HOUSING REQUIREMENT

Q33. The proposed housing requirement figure of 1,540 dwellings per annum in the submitted Joint Local Plan is not justified. The housing requirement should be expressed as a minimum figure. On the Councils own evidence 1,780 dwellings per annum at the higher end of the identified range of OAHN is considered a more appropriate figure which would align housing and employment policies as well as supporting economic growth. However if market signals and delivery of affordable housing needs are taken into account in the calculation of OAHN then the housing requirement figure should be even higher than 1,780 dwellings per annum.

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