

Home Builders Federation

Matter 2

CENTRAL LINCOLNSHIRE LOCAL PLAN EXAMINATION

Matter 2 – Housing Employment and Retail need

Issue 1 – Local Housing Need

To determine the minimum number of homes needed, paragraph 61 of the National Planning Policy Framework ('the Framework') states that strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

Q1. What is the minimum number of new homes needed over the plan period as calculated using the standard method? Are the calculations accurate and do they reflect the methodology and advice in the national Planning Practice Guidance ('the PPG')?

PPG sets out in paragraph 2a-008 that the local housing needs assessment (LHNA) is calculated at the start of the plan-making process, but that this number should be kept under review and when appropriate revised prior to examination. On submission the same paragraph states that the LHNA is can then be relied upon for 2 years. Using the standard methodology and the data available prior to submission, the minimum LHNA for Central Lincolnshire is 1,103 dwellings per annum based on 2014-based household projections, using 2022 as the current year and the 2021 affordability ratios of 5.97 in Lincoln, 8.16 in North Kesteven and 6.85 in West Lindsey respectively.

The PPG advises that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method. Circumstances where this may be appropriate include situations where there are growth strategies for an area, where strategic infrastructure improvements are proposed or where an authority is taking on unmet housing needs from elsewhere. The Committee referred to this guidance in their response⁶ to the Inspectors' Initial Questions⁷.



Q2. Does the PPG list only those circumstances where it would be appropriate to plan for an alternative level of housing provision than the standard method, or, could other locally specific reasons justify a higher figure?

Paragraph 2a-010 of PPG sets out there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. Whilst PPG goes on to list three examples of where this may be the case it does state prior to listing these examples that that circumstances are not limited to those examples. The list does not exclude other circumstances and the Councils should consider whether there are any circumstances that may lead to the Council planning for a higher number of homes than that established using the standard method – such as the need to balance housing growth with employment growth.

Policy S2 states that the housing requirement for Central Lincolnshire is between 1,060 and 1,325 dwellings per year. The lower figure is calculated using the Government's standard method described above. It is projected to accommodate enough residents to support around 14,890 new jobs over the plan period, or 677 jobs per year. In contrast, the higher figure is intended to ensure that the Plan provides enough working age population to support a projected increase of around 992 jobs per year equating to around 24,000 new jobs over the plan period.

Q3. Is that level of job growth realistic? How has it been calculated and how does it compare to other projections for employment in Central Lincolnshire over the plan period?

The level of jobs growth being suggested by the Council are based on reliable and established sources and should be considered realistic moving forward given the level of employment floorspace expected to come forward over the plan period. However, what is evident from the range of employment growth projections put forward in the Council evidence is that the number of jobs supported by the standard method (677 jobs per annum) is significantly lower than the Employment Needs Assessment of 1,850 jobs per annum or those from the adjusted Experian and Oxford Economics projections of 992 jobs per annum. This provides a clear indication that the minimum level of housing the Council must plan for using the standard method would act as a constraint on housing growth.

Q4. How does it compare to past performance?

For Council.

Q5. How has the number of new homes needed to support that level of employment growth been calculated? Are the calculations accurate and robust?

For Council.

Q6. How does the projected number of jobs compare to the supply of employment land? Could the projected number of new jobs (and thus homes needed) be higher?

For Council.

Q7. In the current Central Lincolnshire Local Plan, Policy LP54 identified broad locations for future growth which could come forward if net job growth exceeded 496 jobs per year. Does this Plan include a similar mechanism? If not, why not?

No comment.

Q8. What would be the implications if housebuilding did not match projected increases in job growth?

Without sufficient housing to support the level of jobs growth there are two potential outcomes. The first is that economic growth within central Lincolnshire is constrained. Additional investment will not be made in the area if there are insufficient people to fill the jobs being created. The other would be that jobs are created but that these are taken by people from outside of Central Lincolnshire – there is an increase in commuting into the area. Given that the NPPF outlines in paragraph 104 the need to locate development in a way that limits the need to travel we would suggest that it is important for the Councils to ensure that there are sufficient homes to support expected jobs growth locally.

Issue 2 – Housing Requirement – Policy S2

Q1. Is the higher figure of 1,325 dwellings per year over the plan period justified and consistent with national planning policy and guidance? If not, what should the housing requirement be for the plan period?

The higher figure of 1,325 over the plan period is justified on the basis of the economic growth forecasts for Central Lincolnshire. However, the adopted Joint Local Plan has a housing requirement for 1,540 dpa with housing delivery being consistently higher than this minimum. This suggests that the need for new homes in Central Lincolnshire is much higher than either the LHNA or the minimum requirement being proposed in the local plan review. Paragraph 2a-010 of PPG suggests that previous levels of housing delivery must be taken into account when considering whether it is appropriate to plan for a higher level of need than the standard methods suggests.

Q2. The Committee's response to the Inspectors' Initial Questions includes details of housing completions between 2012 and 2019 (Table 2). Is a housing requirement of 1,325 dwellings per year achievable over the plan period?

For Council

Q3. If the Local Plan seeks to make provision for 1,325 dwellings per year in response to projected employment forecasts, then what is the justification for setting the housing requirement as a range?

The JLP must set out a single figure for its annual housing requirement over the plan period. A range does not provide the necessary clarity as to what must be delivered and will create significant difficulties in monitoring and assessing the five-year housing land supply for Central Lincolnshire.

Q4. Is the proposed housing range sufficiently clear to decision-makers, developers and local communities? Is Policy S2 effective in this regard?

No. The requirement must be set out as a single minimum level of housing that the Councils are expected to deliver each year.

Q5. What is the justification for suggested modification MMS1? Is it necessary for soundness?

Whilst the proposed modifications reflect the minimum assessed needs using the standard method the minimum requirement is clearly the higher number in the range that reflects the level of housing required to support expected levels of economic growth. However, as outlined above the Council will need to consider whether the requirement should be higher taking into account past level of delivery.

Issue 3 – Affordable Housing Need – Policy S22

Q1. The Central Lincolnshire Housing Needs Assessment ('HNA') states that the overall need for affordable housing is around 592 homes per year. Is this figure accurate and robust? If not, what is the need for affordable housing over the plan period?

No comment

Q2. Do affordable housing needs differ between the City of Lincoln, North Kesteven and West Lindsey? Does the Plan seek to differentiate between needs across the three Councils? If not, why not?

No comment

Q3. Based on the expected rate of housing delivery, will the affordable housing needs of the area be met?

We note that the Council states in S22 that it expects to deliver circa 12,000 affordable homes over the plan period which is circa 37% of the total amount of housing that is expected to be delivered. Given that the maximum that is expected from a development is 25% and that this applies to just one value zone within Central

Lincolnshire we are concerned that the Councils will fall significantly short of the 12,000 homes it expects to deliver and even further from the 13,000 affordable homes it needs.

Q4. Paragraph 7.85 of the HNA states that it is for the Councils to consider whether an increased housing requirement could help to increase the delivery of affordable housing in Central Lincolnshire. Has this been done and what were the reasons for not pursuing higher rates of housing delivery to meet identified needs?

As set out in PPG, an increase in the total housing figures may be considered where it could help deliver affordable housing (ID 2a-024-20190220). The HBF acknowledge that the Councils may not be able to meet all affordable housing needs but a housing requirement above the minimum LHNA will make a greater contribution to delivering the affordable housing the area needs.

Q5. Were such options considered as part of the SA process?

It would appear from paragraph 4.2.10 that the options considered from the start of the plan making process did not extend beyond circa 1,300 dpa upper end of the range being proposed by the Council. As such the Council will not have tested a level of delivery that would have ensured affordable housing needs were met in full. Whilst we recognise that the Council is not required to meet affordable housing needs in full it should have tested whether a higher level of housing delivery that secured more of these needs were met would have been sustainable.

Issue 4 – Viability

The PPG advises that the role for viability assessment is “...at the plan making stage”. It states that Plans should set out the contributions expected from development. This should include the level and type of affordable housing provision required, along with other infrastructure. These policy requirements should be informed by evidence of need and a proportionate assessment of viability, taking into account all relevant policies and standards.

The Whole Plan Viability Assessment identified four zones across Central Lincolnshire where different house prices are achieved. Reflecting the viability of new residential development, this is translated into different requirements for affordable housing depending on location. Zone A attracts the greatest affordable housing contribution (25% on qualifying sites). Zone D attracts the lowest (10%).

Q1. How was the 25% threshold determined for the high value areas? Could residential development in Zone A viably contribute more affordable housing?

This is primarily for the Council to answer. However, the HBF do not consider development in Zone A to be able to contribute more affordable housing than is being proposed in the local plan. As set out in our representations the viability evidence has under estimated many of the costs arising from this local plan that will add considerably

to the per unit cost of delivering homes in Central Lincolnshire. In addition, the development industry is facing inflation across all of its costs that will place even greater pressure on development viability moving forward. Therefore, whilst there may appear to be a surplus in RLV in high value areas, as indicated in Table 7.1 this will in fact be subsumed by the additional policy costs and build costs faced by development at present. These additional costs will potentially make the delivery of the requirements in LP22, even on green field sites in zone A, challenging.

Q2. How were the zones defined and are they accurate and appropriate?

This is for the Council to answer.

Q3. Does the Whole Plan Viability Assessment accurately account for all likely development costs, from contributions towards healthcare and education to site specific design costs such as higher optional technical standards?

No. The HBF raised a number of concerns within our representations that have not been addressed. These relate to the treatment of First Homes, the impact of the much higher technical standards, the requirement for onsite renewables and the additional costs related to embodied carbon. The Council have not addressed our concerns we have raised across the consultations on this local plan.

Q4. Does the Whole Plan Viability Assessment differentiate between greenfield and brownfield sites, and if so, how is this reflected in the Plan?

The Whole Plan Viability Assessment (INF003) does differentiate between greenfield and brownfield sites, but it does not then go on to include any differentiation in the policy despite it being clear that brownfield land across the area will struggle to meet the policy requirements in the local plan. Table 7-4 indicates that the majority of the brownfield typologies will not be able to deliver any affordable housing even without the additional policy costs being placed on it by the local plan. The Council have sensitivity tested its assumption on land value and build costs and significant reductions in both of these variables indicates that more typologies on brownfield land become viable.

Our first concern with this is that the much lower building costs reflects the lowest observed value and as such will not be applicable to a wide range of development coming forward in Central Lincolnshire. It is also unclear as to how this much lower build cost will be able to deliver other policies moving forward with regard to design, embodied carbon, and energy efficiency all of which will likely require much higher average build costs. With regard to land values the Council will need to be aware that expecting land values to go much lower may lead to these sites just not coming forward. There will be a point at which land owners will not see the benefit of redevelopment potentially compromising the deliverability of the local plan.

The HBF therefore recommends that the Council amends its affordable housing policy to reduce requirements being placed on brownfield land to ensure that these sites come forward without delay.

Q5. Does the Whole Plan Viability Assessment differentiate between strategic and non-strategic site allocations, and if so, how is this reflected in the Plan?

No comment.

Q6. What are the viability implications of the preference for 25% of all affordable housing to be delivered as first homes in Policy S22?

When considering the viability implications of First Homes it is important that these are treated as market homes and not as affordable housing. Whilst we recognise that they are defined as in the Glossary of the NPPF as affordable homes, they are a discount market home that will be built and sold by the developer. As such they will face the same marketing and administrative costs as a market home and as the developer is taking all the risk the profit margin on each unit should also be the same as for a market unit. This is very different to an affordable unit where the property is in effect commissioned by the affordable housing provider from the developer and as such there are fewer administrative costs and the risk to the developer is much lower, which is in turn reflected in a lower profit margin. Given the challenging viability seen in many areas of Central Lincolnshire the impact of First Homes could be significant.

Q7. When taking into account the need for and cost of likely development contributions, will the policies in the Local Plan undermine its deliverability?

There is a risk that some sites may be delayed in coming forward as viability is negotiated on a site-by-site basis and these delays could undermine the deliverability of the local plan. The HBF would recommend that there needs to be revisions to policies in the plan to reduce the number of sites on which viability negotiation will be required.

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