

Sent by email to: planning.policy@tendringdc.gov.uk

24/07/2017

Dear Sir/ Madam

Response by the House Builders Federation to the Tendring Draft Local Plan

Thank you for consulting the Home Builders Federation (HBF) on the Tendring Draft Local Plan. 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.

Duty to Co-operate

It is clear that Tendring, Braintree and Colchester have been working closely in the preparation of their Local Plans. The shared approach to meet housing need across the Housing Market Area (HMA) set out in 'Part 1' of each Local Plan shows a real commitment from to addressing the strategic and cross boundary issues facing the housing market area. However, we are disappointed that Chelmsford, despite being mentioned in paragraph 1.8 of the draft Local Plan as being part of the HMA, are not part of this shared policy framework. A strategic framework covering all four authorities would provide an even more appropriate approach to delivering much needed housing and the infrastructure required to support that growth. As Braintree, Tendring and Colchester have looked to meet housing need at a strategic level we have considered the evidence on housing needs and the Garden Communities under the strategic Part 1 of the draft Local Plan that is shared across each authority. Consequently we comment on the needs of each authority in this representation.

Local Plan Part 1

Meeting Housing needs in the North Essex HMA

Policy SP3 is not sound as it is unjustified

Policy SP3 sets out the housing requirement for each of the Councils in the HMA which would deliver a total of 43,720 new homes. Whilst we would agree with the use of the 2014 Sub National Population Projections (SNPP) as a robust demographic starting point we are concerned that this level of delivery underestimates housing needs. In particular we are concerned that this figure does not:

- Adequately consider increased in migration from London
- Effectively assess key market signals in relation to Braintree and Colchester

- Use ONS data as the starting point for Tendring’s Objectively Assessed Housing Need (OAHN).

London migration

It is essential that Council’s across the East and South East of England consider the impact of expected changes in migration between the three authorities and London. The Mayor of London’s alternative ‘Central Variant’ migration assumptions in his SHMA of 2013 sets out the expectation that more people will move out of London, and fewer will move in from the rest of England than had been projected by the DCLG in its 2011-interim household projections. The Mayor is expecting that there will be 12,000 fewer households a year in London compared to the official DCLG projections. In this respect, we are pleased to see that Section 4 of the 2016 update to Objectively Assessed Housing Need Study (OAHNS) considers the impact of increased migration from London on the HMA. The potential impact is assessed by comparing the GLA’s central scenario against the 2012 Sub National Population Projections and this analysis indicates that across the HMA there is likely to be a small increase in housing needs based on current GLA demographic models.

However, we do not agree with the final assessment that due to the annualised impact being relatively small it should not be considered. 64 homes per year over the plan period equates to 1,280 homes. This is a significant amount of housing need and should not be ignored. We would therefore suggest that even a minor uplift as indicated at paragraph 4.10 of the 2016 OAHNS should be considered. The changes in migration patterns between capital and the HMA also reflect the difficulties that London Boroughs are having in meeting their housing needs and concerns that the amount of unmet need arising from the capital in future will increase. As part of the evidence supporting the Further Amendments to the London Plan the GLA indicated a land supply to realistically deliver 42,000 dwellings per annum against an needs assessment of between 49,000 and 62,000 per annum depending on whether unmet needs are delivered over the next five or twenty years. Therefore as a minimum there is likely to be an unmet housing need of at least 7,000 dwellings. The table below sets out the delivery expectations of those 17 London Boroughs with an adopted or emerging Local Plan that reflects the housing requirements from the Further Amendments to the London Plan which were adopted in 2013 and clearly illustrates our concerns.

London Borough	FALP requirement	Delivery	Difference
Bromley	641	641	0
Camden	1,120	889	231
Croydon	1,592	1,435	157
Enfield	798	798	0
Hackney	1,599	1,599	0
Hammersmith & Fulham	1,100	1,031	69
Haringey	1,502	1,502	0
Havering	1,170	1,170	0
Hounslow	822	822	0
Lambeth	1,195	1,559	-364

Redbridge	1,252	1,123	129
Richmond Upon Thames	315	315	0
RBKC	733	733	0
Southwark	2,000	2,736	-736
Sutton	427	363	64
Tower Hamlets	3,931	3,931	0
Wandsworth	1,812	1,812	0
Total	22,009	22,459	-450

This table shows there is an undersupply of 450 dpa compared to the housing targets in the London Plan. Although there are still 16 London boroughs who have yet to produce up-to-date plans that adopt the new London Plan housing targets, the evidence at the moment suggests that the London boroughs are struggling to produce local plans that will meet the London Plan minimum figure of 42,000 dpa let alone increase supply to achieve the London (lower end of the range) OAN of 49,000.

The evidence indicates the starting point should be increased, as a minimum, within both Colchester and Braintree based on GLA scenarios. Further consideration will need to be given to uplifting Tendring's starting point in future depending on London's ability to meet its housing needs. Tendring has in the past seen relatively high net in-migration from London. This is shown in the Edge Analytics report Greater Essex Demographic Forecasts 2013-2037 Phase 7 May 2015. Figure 2 of this report shows that Tendring experienced similar levels of net in migration from London to those authorities in Essex that border the Capital.

Market signals

The 2016 OAHNS examines the issue of market signals and recommends an uplift of 20% for Chelmsford, 15% for Braintree and Tendring and no uplift for Colchester. We disagree with some of this assessment and suggest the evidence points towards a higher uplift for Braintree and Colchester given the affordability ratios and rising house prices seen across the area.

With regard to Braintree there are clear affordability issues that are not dissimilar to those found in Chelmsford. Affordability ratios based on work place earnings in Chelmsford are 10.9 compared to 9.7 for Braintree. Despite a steeper fall in house prices during the recession the study shows that values have grown in line with the rest of Essex with Figure 5.17 showing a worsening trend with regard to affordability ratios since 2013. Therefore whilst we would agree that there has been no long term historical under supply of homes in Braintree a high, and worsening, affordability ratio and steeply increasing house prices indicates that a 20% uplift in line with Chelmsford is warranted.

The study sets out that it does not consider there to be sufficient evidence to support an uplift for Colchester. The reasons given are that affordability is "slightly above the national average" with "house prices and rents well below national averages". Whilst helpful in providing context studies should be careful when considering affordability ratios and house prices against other authorities as well as national and local averages.

The affordability of housing is a national concern and the affordability ratio for England reflects this issue. Just because affordability is close to the national position should not be sufficient justification for not applying a market signals uplift. The same applies to local benchmarking. House prices could be lower within one area of an HMA but if incomes are also disproportionately lower there would still be significant affordability concerns that would support an uplift in the OAHN. The issue of using comparisons to assess market signals was considered at the examination into the Mid Sussex District Plan. On page three of his interim conclusions on the Council's housing requirement 2017 the inspector stated:

“The Council places much reliance on the relative position of Mid Sussex vis- à-vis other districts in the HMA and in Sussex. It believes that if house price trends and related signals in Mid Sussex are broadly aligned with those in nearby authorities, which by and large they are, it should not be necessary to make a significant uplift to its OAHN to reflect market signals. The flaw with this is that if each authority simply had regard to similar trends in neighbouring authorities, and each plan were to replicate the OAHN approach of its neighbours, the cycle would be perpetuated and there would be no adequate response to continually worsening affordability.”

It is also worth remembering that despite lower than average house prices and rents it would still require someone on lower quartile earnings working in Colchester to borrow 8.7 times their salary to afford a home within this area. We would therefore suggest that based on the affordability ratios a minimum 10% uplift is applied on the basis of market signals. However, it should be noted that the Local Plan Expert Group advised that where affordability ratios were at this level uplifts of 20% should be considered. Therefore, to suggest, as the report does in paragraph 5.101, that there is no strong evidence for a market signal uplift would seem absurd.

Future jobs

We are pleased to see the consideration of jobs growth on the basis of whether there are sufficient homes, once the starting point and market uplifts have been considered, to meet the employment expectations of the area. Only where OAHN based on the demographic starting point and market uplifts indicate this would be below the jobs growth expected in the area should an additional uplift be applied. The approach taken in the 2016 OAHNS would appear to be reasonable and given the uncertainties around economic forecasts we are pleased to see that a range of forecasts are considered.

Trending and UPC

We fundamentally disagree with the decision to reduce the starting point for Trending on the basis of UPC. In doing so the Council appears to be seeking to base future needs on past housing delivery rather than rely on the Government's published projections. We do not consider such a scenario to be appropriate and we consider Trending's starting point for their OAHN should be 675 dpa as set out in table 1 of the Trending note. This starting point is derived from the most up to date projections, the 2014 based Sub-National Population Projections that were published in May 2016. Given that this is a 20 year plan and planning policy requires regular reviews of this

plan it will be possible to consider future iterations arising from ONS demographic projections should this be required. By using the 2014 estimates as a starting point ensures consistency not only with other authorities in the HMA but will also allow for effective strategic reviews in future across all three local planning authorities.

Conclusion on OAHN

Based on both increased migration from London and concerns regarding affordability we would suggest the following OANs for each of the three Councils forming part of the “North Essex” area:

- Braintree – 762 dpa (623 starting point plus 12 units for London migration scenario and a 20% uplift)
- Colchester – 1002 dpa (866 starting point plus 45 units for London migration scenario and a 10% uplift)
- Tendring – 776 dpa (675 plus 15% uplift)

This level of delivery would require the North Essex HMA to deliver 2540 homes per annum, a total of 50,800 new homes between 2013 and 2033.

Garden communities

Part 3 of SP8, SP9 and SP10 are unsound as they are not consistent with national policy

We welcome the identification of three new settlements across the North Essex HMA. This shows not only a commitment to delivering housing for this plan period but beyond. However, we do have a point of consistency to raise regarding the target for affordable housing in each new settlement. In SP7 the absolute target of 30% is clearly set out in part v. However, in Policy SP8 and Policy SP9 these targets are set out as minimums. An essential part of the local plan is to provide certainty to the applicants and to decision makers with regard to new development. Placing a minimum on the affordable housing requirement suggests that a higher proportion may be applicable and is purely a starting point for negotiation. The local plan must be clear as to the target it is seeking in order to provide a clear pricing signal to the market. This can then be factored into the price of land by developers when seeking to acquire land in these areas. To make these policies sound the affordable housing requirement in SP8, SP9 and SP10 should not be set as minimums.

Local Plan Part 2

LP1 – Housing Supply

Policy LP1 is not sound as it is not justified

The information set out in Tables LP1 and A2 appear to have not considered delivery for the 2017/18 period. Table LP1 sets out net completions up to 2016/17 but the Local Plan housing allocations in Table A2 begins from 2018/19. In order to effectively assess

the Council's housing supply and the effectiveness of policy LP1 it is essential that clear information is provided. On the basis of the most recent Authority Monitoring Report (AMR) it would appear that for this period delivery is expected to be just over 400 dwellings¹. This would be a shortfall against the annual housing requirement and as such would increase the shortfall set out in table LP1 to over 950 units.

If this is the case then our assessments indicate the Council would still be able to show a 5 year land supply for the period 2017/18 to 2021/22 on the basis of the Liverpool methodology, with either the 5% or the 20% buffer required by the NPPF being implemented. However, Planning Practice Guidance is clear that "Local Planning Authorities should deal with any backlog in the first five of the plan period where possible" and not across the whole plan period as would be the case if the Liverpool methodology were used. In addition paragraph 47 of the NPPF states that a 20% buffer should be applied where there has been persistent under delivery of housing.

The Objectively Assessed Housing Study 2016 shows that in the 19 year period between 1996/97 and 2014/15 Tendring failed to deliver their housing target in ten of those years and failed to meet their structure plan housing target. Over the last ten years this situation has been much worse with the Borough failing to deliver its housing requirement between 2008/09 and 2015/16. Of particular concern is the degree to which the Council has under delivered. Between 2010/11 and 2015/16 the Council delivered less than 300 homes per annum against their RSS Target of 425. Whilst an improvement has been seen in 2016/17 it is clear from the Council's own monitoring that there has been persistent under delivery of housing. We would therefore argue that a 20% buffer is required. It would also appear that the Council agrees with this position as they have applied a 20% buffer to their housing land supply in the latest AMR for 2015/16 (see Table 6 at paragraph 6.18).

If the housing shortfall is considered across the first five years of the Local Plan and the 2017/18 period is included as 400 dwellings² in the five year assessment we estimate that the Council has housing land supply of 4.9 years for the 2017/18 to 2021/22 period. This is set out in table 1 below.

	Liverpool method with 5% buffer	Liverpool with 20% buffer	Sedgefield with 5%	Sedgefield with 20%
Basic five year requirement 2017/18 to 2021/22	2750	2750	2750	2750
Backlog 2013/14 to 2017/18	258	258	826	826
total 5 year requirement 2017 - 2022	3008	3008	3576	3576

¹ & ² Estimate based graph 2 on page 22 of the AMR 2015/16 (Feb 2017)

Buffer applied (5%/20%)	3159	3610	3755	4441
Supply 2017/18 to 2021/22	4236	4236	4261	4261
surplus/shortfall	1077	626	506	-180
Number of years supply in first five years	6.7	5.9	5.7	4.9

We have one final concern with the Council's housing land supply and that is the level of windfall being proposed in Table A2. Paragraph 48 of the NPPF sets out in paragraph 48 that the Council should have compelling evidence to include windfall sites in the five-year land supply. Whilst there is evidence to support the inclusion of windfall in the first five years of the plan we would suggest that it is much lower than the 864 dwellings include in table A2. For the period 2018/19 the Council expect 864 dwellings to come forward on such sites. However, the latest AMR projects in Table 3 on page 19 that for the same period 591 dwellings can be expected on small sites of 9 or fewer dwellings. In fact the AMR goes further by applying a discount of 20%, we assume to reflect lapse rates on such sites. This cautious approach is one that is supported by the PPG which states at paragraph 025 (Ref ID: 3-025-20140306) that *"An overall risk assessment should be made as to whether sites will come forward as anticipated."*

We would suggest that evidence on windfall set out in the Council's latest AMR for the 2015/16 period, which recommends a figure of around 500 units, provides a more robust assessment of windfall. This would also be reflective of the Council's policies such as LP8 Backland Residential Development. Such policies are likely to constrain small windfall sites rather than increase their delivery and point to adopting a significantly reduced estimate of delivery from small windfall sites.

This evidence suggests that the Council does not have a robust 5 year land supply. In particular we are concerned that supply in the first five years is overly reliant on windfall estimates that are not fully justified and fails to take into account the potential for permissions to lapse. Even if this level of windfall were to be secured the five year supply is still marginal if the Council, as required by national policy, seeks to meet its backlog within five years. To secure more robust delivery in the first five years of the plan we would suggest further small sites are allocated in the plan if it is not to be considered out of date on adoption in line with paragraph 48 of the NPPF.

When allocating sites the Council should be mindful that 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 increased housing supply is the number of sales outlets. The maximum delivery is achieved not just because there are more sales outlets but because the widest possible range of products and locations are available to meet the widest possible range of demand.

LP 5: Affordable housing

The Council will need to address an inconsistency in the plan relating to paragraph 5.1.4 and the Councils actual policy set out in LP5. Paragraph 5.1.4 of the supporting text sets out the intention to consider a 30% affordable housing requirement yet in the policy sets this target as 25%. To avoid confusion the Council must be clear as to its intentions and paragraph 5.1.4 must be amended to reflect the approach set out in policy LP5.

LP3 Housing design and standards and LP4 Housing Layout

These policies are unsound as they are unjustified

In policies LP3 and LP4 the Council are seeking to introduce optional technical standards in relation to minimum space standards. However, whilst this optional standard has been tested, as required, against viability, Planning Practice Guidance is also clear that evidence of need is also required to support implementation.

“evidence should be provided on the size and type of dwellings currently being built in the area, to ensure the impacts of adopting space standards can be properly assessed, for example, to consider any potential impact on meeting demand for starter homes.”

The Local Plan, nor any of the evidence papers supporting the Plan, set out why minimum space standards are needed. No evidence has been provided on the size and type of dwelling being built in the area nor an assessment of the impacts of adopting the space standards. As such the Council are not able to justify the use of space standards in either of these policies. We would therefore suggest that any reference to space standards in both LP3 and LP4 are deleted.

SPL3 Sustainable design

This policy is unsound because they are ineffective.

This policy will require housing developers to consider the use of renewable energy and the reduction of emissions. However, the Government have been clear through both the Written Ministerial Statement dated the 25th March 2015 and Planning Practice Guidance that it considers improvements in energy efficiency and carbon reduction will be achieved through Building Regulations with only a limited number of optional technical standards that can be required through a Local Plan where there is sufficient evidence to support their implementation. There is no need for the Council, through the Local Plan, to ask for consideration to be given to such measures. Such policies cannot be implemented or monitored and as such are ineffective and should be deleted.

CP3 Improving the telecommunications network

This policy is unsound as it is inconsistent with national policy and is unjustified.

Whilst paragraphs 43 to 46 of the NPPF establishes that local planning authorities should seek support the expansion of electronic communications networks it does not seek to prevent development that does not have access to such networks. By stating

all, new dwellings must be served by super-fast broadband potentially allows the Council to refuse a development without such provision or impose a Grampian condition preventing a development from being occupied until such networks are provided. The provision of super-fast broadband is not in the control of the developer who requires a third party provider for such infrastructure. It is also the case that the house building industry is fully aware of the benefits of having their homes connected to super-fast broadband and what their customers will demand.

We are also concerned that no additional costs have been included in the viability study for such provision. The study sets out in appendix 2 that these costs are incorporated into standard assumptions on development costs. However, we consider it essential that this policy is properly costed within the viability study. In particular the cost of such a policy on smaller developments in more rural communities could be significant and should be considered separately. Without this additional evidence there is clearly no justification to support this policy. In seeking to extend broadband to homes the Council should work proactively with telecommunications providers to extend provision and not rely on the development industry to provide for such infrastructure.

The fourth bullet point following part d) of this policy should therefore be deleted.

Conclusion

For the Tendring Local Plan to be found sound it must pass the four tests set out in paragraph 182 of the NPPF. At present we consider the Publication Local Plan to be unsound due to:

- Under-estimation of objectively assessed housing needs
- Inconsistent application of affordable housing requirements on strategic sites
- Lacking a robust five year housing land supply with significant overestimation of windfall allowances
- Unjustified policies in relation to housing standards

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

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Yours faithfully

Mark Behrendt
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