



Development Policy Manager  
Development Services  
Warwick District Council  
Riverside House  
Milverton Hill  
Leamington Spa  
Warwickshire  
CV32 5HQ

SENT BY E-MAIL AND POST

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Dear Sir / Madam

## **WARWICK LOCAL PLAN REVISED DEVELOPMENT STRATEGY CONSULTATION**

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing. We would like to submit the following representations.

### **Plan Period**

It is confusing as the consultation papers refer to a 15 year plan period but the plan commencement and end dates of 2011 – 2029 are 18 years apart, the Council should clarify the plan period.

### **Duty to co-operate**

Under Paragraphs 17, 157 and 178 of the National Planning Policy Framework (NPPF) neighbouring authorities should work jointly together and co-operate to address planning issues which cross administrative boundaries or on matters that are larger than local issues. Indeed under Paragraph 181 of the NPPF, Local Authorities are expected to demonstrate evidence of having effectively co-operated to plan for issues with cross boundary impacts when their local plans are submitted for examination.

Warwick District Council has four neighbouring authorities namely Rugby Borough Council, Stratford upon Avon District Council, Solihull Metropolitan Borough Council, and Coventry City Council. Whilst the Council has worked closely with the other authorities (Coventry, Warwick, Nuneaton & Bedworth, and Rugby) in its Strategic Housing Market Area (SHMA) as identified in Paragraph 4.1.1, when the Warwick Local Plan DPD is submitted for examination, the Council will have to demonstrate co-operation within the wider context of neighbouring authorities including joint working with Solihull and Stratford upon Avon Councils.

Since the revocation of West Midlands Regional Spatial Strategy on 20<sup>th</sup> May 2013, there has been a significant drop in the collective level of housing provision envisaged by local authorities across the region. The WMRSS was informed by an objective of urban renaissance, whereby the Metropolitan Urban Areas (MUA) would absorb large numbers of future projected households from across the region. Unfortunately today, this strategy is beginning to unravel. The overall proposed housing provision across the region is estimated to have fallen by -8%. Recent research by the HBF shows that in total all the adopted and emerging plans for the West Midlands will only provide for 17,085 homes per year compared to the previous WMRSS target of 19,795 per annum.

Currently in Warwick's neighbouring authorities there is great uncertainty over the level of housing provision required to meet objectively assessed needs for both market and affordable housing as set out in the NPPF.

Rugby Borough Council adopted its Core Strategy in 2011 based on the former (now revoked) WMRSS housing figure of 540 new homes per annum. Stratford upon Avon District Council is in the early stages of its plan preparation with a draft plan proposing a housing figure aligned with the previous revoked WMRSS dwelling number.

At the moment Solihull Metropolitan Borough Council is consulting on the proposed Modifications to its Local Plan following on from the Examination Hearings held earlier this year. The Solihull Local Plan proposes 11,000 new dwellings (2006-2028) as recommended in the revoked WMRSS. However in his Interim Conclusions Report dated 5<sup>th</sup> April 2013 the Planning Inspector, Stephen Pratt, wrote "16. *The Council recognises that the SHMA will need to be reviewed soon, to take account of more recent household projections and the needs of the wider housing market, and ensure that the plan is up to date, as envisaged in the NPPF (Paragraph 158). The supporting evidence confirms that the SHMA will be reviewed and up dated in 2014, and the results may require the plan itself to be reviewed. This review will also need to update and review the original objective assessment of housing requirements undertaken for the WMRSS Phase 2 Review insofar as it relates to the relevant housing market area. The firm commitment and need to undertake this review should be confirmed in the Local Plan.*" And continued "18. *However, this assessment is now becoming dated, and in order to ensure that the housing provision figure is robust, enduring and up-to-date, there should be a firm commitment in the plan to review and up date the objective assessment of housing requirements. This should take account of not only*

*Solihull's future housing needs, but also the needs of the wider housing market, including the needs of Birmingham City, if this becomes necessary as a result of the sub-regional work already envisaged and planned'.*

On 16<sup>th</sup> April 2013, the Coventry City Council Core Strategy was withdrawn after the Council failed to satisfactorily comply with its Duty to Co-operate under Section 33(A) of the Planning & Compulsory Purchase Act 2004 as amended by Section 110 of the Localism Act 2011. The plan proposed 11,373 houses, which was a significant reduction in housing provision from the previous Core Strategy figure of 33,500 dwellings (distributed as 26,500 in Coventry, 3,500 in Nuneaton & Bedworth and 3,500 in Warwick) found sound in 2010. In the concluding section of the Annex to the Preliminary Hearing Session on the Coventry City Council Core Strategy DPD Examination, the Inspector, Robert Yuille wrote “47. *It cannot, therefore, be established that the needs of the housing market area have been considered in the round. 48. However, as far as the Coventry housing market area is concerned, the significance of this Statement of Common Ground (SOCG) is undermined by the absence of a joint SHMA – a crucial piece of evidence in understanding the housing needs of the area – and uncertainty as to whether individual SHMAs have used broadly consistent methodologies and assumptions. 49. This in turn undermines the statement, insofar as it relates to the Coventry housing market area, that each council can meet its own housing need within its own area. Finally the mechanism for dealing with any shortfall, should one arise is no more than an agreement to seek to agree in the future. 50. These factors significantly reduce the overall substance of the SOCG in as far as it relates to the Coventry housing market area. I share the view expressed by Nuneaton & Bedworth Borough Council that while the SOCG identifies matters of cross boundary interest it does not resolve them”.*

In Paragraphs 1.3 and 4.1.1 of the consultation document, the Council states it is awaiting the outcome of a new SHMA. Therefore at this time it is important that the Council does not assume that just because its neighbouring authorities have not drawn attention to any matters of a strategic nature, such strategic pressures do not exist. If any neighbouring authorities are not adequately meeting their own assessed housing needs, these housing pressures could impinge upon Warwick District Council.

## **Housing**

Under Paragraph 4.1 Level of Housing Growth 2011 – 2029 of the consultation document **RDS1** states “*the Council is adopting an interim level of growth of 12,300 homes between 2011 & 2029*” (683 homes per year) across a hierarchy of settlements. This figure is explained in Paragraph 4.1.10, it is based upon the latest ONS projections of 11,500 plus a local growth rate of 2.4%.

However Paragraph 4.1.6 indicates a potential growth of between 11,300 – 14,300 new homes over the period 2011 - 28 as modelled by G L Hearn in the SHMA 2012 using different migration assumptions and employment-led scenarios identify between 13,300 – 13,800 additional homes over 2011 - 2029 (Paragraph 4.1.8).

The “*What Homes Where?*” toolkit also suggests a higher figure of 15,557 new households over the plan period. When this higher number of households is converted into a likely dwelling requirement, the provision of only 12,300 new homes would seem to be a substantial under estimation of housing needs. The Council may wish to consider using the “*How Many Homes / What Homes Where*” toolkit. This website has been developed as a resource to provide independent and publicly available data on the household and population projections for every local authority in England. The aim of the resource is to assist Local Planning Authorities (LPA) understand the drivers of housing need. This resource has been jointly sponsored by the Local Government Association, the HBF, the Planning Advisory Service, the Planning Officers Society and Shelter among others. One outcome from the recent West Northamptonshire’s Joint Core Strategy Examination was an endorsement for the use of this resource by LPAs. The Programme Officers note states “*in the light of the evidence considered and discussed at the hearings, the Joint Planning Unit (JPU) will be undertaking a fresh assessment of the objectively assessed needs for new housing in the area over the plan period and beyond as requested by the Inspector including reference to the “How Many Homes / What Homes Where toolkit” recently launched by Lord Taylor at the House of Lords.*”

Paragraph 4.1.5 of the consultation document suggests an over reliance upon 2011-based statistics. Whilst the 2011-based interim household projections would suggest only an average of 624 new households per annum between 2011 – 2021, the Council should be cautioned against any attempts to use these latest figures to justify low housing requirements in the Local Plan. The Council should refer to the Cambridge Centre for Housing & Planning Research (CCHPR) report “*Choice of Assumptions in Forecasting Housing Requirements Methodological Notes*” dated March 2013, which advises against the downward revision of projected population / household figures. “*There will be a temptation to modify the household numbers suggested by the projections to reflect the 2011 census but this should only be done where there is clear evidence that the changes are not the result of short-term fluctuations which are likely to come back to trend in the medium term. It follows that to make a case for lower household numbers than suggested by the 2008-based household projections local authorities would need to not only show that the actual household numbers in their area in 2011 were lower than projected but also to argue convincingly that the shortfall was not due to short term factors that would re-balance during the plan period. The 2011 census results are a snap shot taken after a period of severe economic and housing market volatility, it would be reasonable to expect the numbers of households that formed in the years running up to the census were significantly below the low term trend*”.

Indeed the local planning process tends to become a vicious circle, whereby planning has constrained housing supply for the last two decades as a consequence suppressing household formation, which is reflected in the household projections, a key input for future housing demand calculations. The rapid contraction of the mortgage market in 2008 has had a disproportionate impact on first time buyers and this is reflected in the 2011-

based household projection dataset, which shows a greatly reduced rate of new household formation where the head of household is aged 25-34 (23,000 new households per annum are projected to form in the new 2011-based projections contrasted against 49,000 within the 2008-based SNHP dataset) illustrating an increasing number of young people forced to live at home with parents.

At this time, the Council's main evidence source is the Warwick District Council SHMA Final Report dated March 2012 prepared by G L Hearn and J G Consulting is not an NPPF compliant SHMA. The assessment is focussed upon Warwick District Council as a self-contained entity. The Council should be aware of the concerns on non-compliant NPPF SHMAs raised by the Inspector appointed to the Bath & North East Somerset (BANES) core strategy examination. On 7<sup>th</sup> June 2013 the Inspector, Mr Simon Emerson, wrote about the BANES Core Strategy Examination stating "4. *NPPF Paragraph 47 refers to Local Plans meeting the full objectively assessed needs for market and affordable housing in the housing market area (my emphasis). NPPF Paragraph 159 refers to Local Planning Authorities preparing a SHMA to assess their full housing needs working with neighbouring authorities where housing markets cross administrative boundaries (my emphasis)" and "6. *Unfortunately, the new SHMA does not then say any more about the housing needs of the HMAs that have been identified and sets out figures for BANES only. On this basis I am unclear how the Council can realistically expect me to be able to find this SHMA as compliant with the NPPF. If it is not NPPF compliant, I cannot see how the new housing requirement which draws on this SHMA could be found sound*".*

Therefore it is incumbent upon the Council to consider the above discussion points in deciding whether or not 12,300 dwellings represents the full objectively assessed housing needs of the Warwick District Council area and any unmet housing needs from neighbouring authorities.

## **Housing supply**

Paragraph 47 of the NPPF emphasises that local planning authorities should continue to demonstrate a 5 year housing land supply, which is to be supplemented by an additional buffer of 5% to ensure choice and competition in the land market or where there has been a record of consistent under delivery of housing an additional buffer of 20%. Paragraph 49 of the NPPF continues "*relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites*".

Paragraph 5.1.32 of the consultation document states "*At present there is not a 5 year supply of land for housing within the District as required by the NPPF*".

As stated in the Inspectors letter for the Erewash Core Strategy Public Examination dated 23<sup>rd</sup> May 2013 written by Mr Mike Moore "*The NPPF seeks to boost significantly the supply of housing (Paragraph 47). Local Planning Authorities (LPA) should identify and update annually a supply of specific,*

*deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer which, as the Council concludes that there has been a record of persistent under delivery. Relevant policies for the supply of housing will not be considered up to date if the LPA cannot demonstrate a 5 year supply of deliverable housing sites (NPPF Paragraph 49). As such if the Core Strategy is not to be out of date on adoption in this regard then it is important that the land supply requirement is achieved. If there were not reasonable certainty that this would be the case then the plan would not be sound as it would be neither effective not consistent with national policy”.*

Without a five year housing land supply, the Council will have to identify and release more development land in a wider range of locations or formulate a strategy to bring forward sites from later in the plan period sooner. The local plan needs to demonstrate maximum flexibility to ensure delivery of an objectively assessed housing need in accordance with NPPF.

In Paragraph 4.2 (Table 1 – Meeting the Housing Requirement), the Council proposes to meet its housing requirement from completed sites (3%), outstanding planning permissions (13%), small urban SHLAA (2.5%), windfall sites (23%), re-use of existing employment sites (3.5%) and allocations in the Local Plan (54% comprising of 6,629 dwellings). The justification for the high proportion 23% of windfall sites is set out in the Local Plan Windfall Allowance Paper May 2013.

Paragraph 4.3 – Broad Location of Development : Housing sets out in **RDS3** the Council’s preferred option for the board location of development across the District. In summary Paragraph 4.3.12 explains that the revised development strategy proposes that a significant amount of new development will be brought forward south of Warwick / Leamington Spa / Whitnash outside of the Green Belt plus one Green Belt site in the Lillington area. Whilst Green Belt land at Thickthorn will meet the needs of Kenilworth. Elsewhere, a village classification is proposed (Paragraph 4.4.3) and new housing growth will be concentrated in villages scoring the highest for sustainability. Where villages are currently “washed over” by Green Belt new village envelopes will be established (Paragraph 4.4.2)

Paragraph 4.4 - Housing Allocations sets out the 6,629 dwellings for inclusion in site allocations in the Local Plan and the proposed phasing of these site allocations, which are summarised in the Table below :-

<b>TYPE OF SITE</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Brownfield	320	60	225
Sustainable Urban Extensions	1465	1465	1465
Greenfield	630		
Primary villages	200	200	200
Secondary villages	133	133	133
<b>SUB TOTALS</b>	<b>2748</b>	<b>1858</b>	<b>2023</b>
<b>TOTAL</b>			<b>6629</b>

Section 5 of the consultation document sets out details of development proposals for each specific strategic development site and associated infrastructure.

However the consultation makes no reference to the provision of 5% or 20% buffer in its land supply, which the Council must address to be compliant with Paragraph 47 of the NPPF.

## **Viability**

If the Local Plan is to be compliant with the NPPF, the Council needs to satisfy the requirements of Paragraphs 173 and 174 whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened.

Section 5 - Strategic Development Sites & Infrastructure of the consultation document contains reference to proposals for significant infrastructure requirements including :-

- Local shopping centres & community facilities ;
- Primary & secondary schools ;
- Green Infrastructure such as open space, play areas, playing fields (possibly a new stadium for Leamington Football Club) and a new Country Park ;
- Infrastructure road improvements ;
- Public Transport infrastructure such as improved bus services and a new 500 space Park & Ride scheme ;
- Cycling & Walking infrastructure improvements for example new links to the National Cycle Network ;
- Health care facilities.

It will be necessary for the Council to justify these infrastructure requirements via the preparation of an Infrastructure Delivery Plan.

The Warwick District Council Affordable Housing Viability Assessment Final Report dated November 2011 by DTZ was prepared before the publication of the document "*Viability Testing Local Plans Advice for Housing Delivery Practitioners – Local Housing Delivery Group chaired by Sir John Harman (June 2012)*". Unfortunately there are a number of concerns about the assumptions used in the Council's viability assessment, which do not correlate with the recommendations of the Harman Report. As a consequence there is potentially a significant under estimation of actual costs of particular concern are build costs, costs for Code for Sustainable Homes, cost for Lifetime Homes standards, finance costs, professional fees, sales & marketing costs and S 106 contribution payments.

In Section 5 of the consultation document, 40% affordable housing provision with at least 25% of housing built to Lifetime Homes standards is proposed. However even with the under estimated cost inputs (discussed above) this proposal is not justified by the viability assessments, which demonstrate that

at the Baseline Market Position (the market conditions at the date of the report 2010/11) no development was viable at 40% affordable housing provision (Paragraph 10.6). On Sustainable Urban Extension sites (representing 66% of the proposed land supply in the Local Plan) at the Baseline Market Position only between 0 - 25% affordable housing provision was possible. Indeed Paragraph 10.8 of the Affordable Housing Viability Assessment recommends *“Given that certain areas of the District perform far better than others, DTZ would suggest Warwick District Council consider producing a zoned affordable housing policy which has different affordable housing percentages by area”*. This recommendation should be considered by the Council.

The Council should be mindful that it is inappropriate to set unachievable policy obligations. In Paragraph 154 of the NPPF states that *“local plans should be aspirational but realistic”*. It is unrealistic to negotiate every site on a one by one basis because the base-line aspiration of a policy or combination of policies is set too high as this will jeopardise future housing delivery. The Harman Report emphasises that *“If the assessment indicates significant risks to delivery, it may be necessary to review the policy requirements and give priority to those that are deemed critical to development while reducing (or even removing) any requirements that are deemed discretionary. The planning authority may also consider whether allocating a larger quantity of land, or a different geographical and value mix of land, may improve the viability and deliverability of the Local Plan”*. The Council will have to evidence that such considerations have been applied to the Warwick Local Plan.

Finally the Council should cross reference The Affordable Housing Viability Assessment Final Report against the Community Infrastructure Levy Viability Study Final Report dated June 2013 by BNP Paribas Real Estate to identify any inconsistencies between the two reports. Paragraphs 6.18 – 6.27 of the BNP Paribas Real Estate CIL Viability Study are very confusing. It is not obvious the amount of affordable housing provision achievable given the proposed CIL charges for each of the three residential CIL charging zones. The Council must clarify the proposed CIL charges and its affordable housing policy. Then the viability testing of both requirements should be synchronised. The Council should be mindful of the Mid Devon CIL Examiner’s Report, which reduced the proposed residential CIL rate as the LPA had failed to properly take into account the appropriate rate of affordable housing.

It is hoped that these representations are of assistance to the Council in informing the next stages of the Warwick Local Plan. If the Council requires any further assistance or information please contact the undersigned.

Yours faithfully  
for and on behalf of **HBF**



**Susan E Green MRTPI**  
**Planning Manager – Local Plans**

e-mail: [sue.green@hbf.co.uk](mailto:sue.green@hbf.co.uk)  
Mobile : 07817 865534