

CHARNWOOD LOCAL PLAN EXAMINATION
MATTER 4 – ASSESSMENT OF HOUSING NEED, THE HOUSING
REQUIREMENT AND MIX & CHOICE OF HOUSING

Inspector’s issues and questions in bold type.

This Hearing Statement is made for and on behalf of the HBF, which should be read in conjunction with our representations to the pre submission Local Plan consultation dated 23 August 2021. This representation answers specific questions as set out in the Inspector’s Matters, Issues & Questions document issued on 25 April 2022.

Issue 1 - Is the assessment of housing need and the housing requirement positively prepared, justified by the evidence and consistent with national policy?

Q4.1 Is basing the assessment of housing need on the Local Housing Need figure in the standard method robust and is the housing requirement of 17,776 dwellings in Policy DS1 justified? What evidence supports this approach and should any upward adjustments be made for economic growth or to support the delivery of affordable housing?

Using the Government’s standard methodology is robust and justified. However, the standard methodology is the minimum starting point in determining the number of homes needed.

The Council could have made an upward adjustment to support economic growth by applying a more ambitious economic growth scenario than “business as usual”. If labour supply is limited across the Borough, economic growth may become constrained.

Likewise, the Council could have made an upward adjustment to support the delivery of affordable housing. The NPPG sets out that an increase in the total housing figures may be considered where it could help deliver affordable housing (ID 2a-024-20190220). The HNA Final Report identifies a rented affordable housing need of 476 dwellings per annum, which is a significant proportion (43%) of the minimum LHN. The NPPG also states that total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. The Council’s Viability Study dated February 2021 demonstrates that affordable housing provision of only 10% on brownfield sites and 30% elsewhere is viable. Brownfield sites are primarily located in Loughborough / Shepshed (see para 5.4), where 47% of proposed dwellings on allocated sites (excluding SUEs) are assigned (see Table 5.1). This suggests that there will be a shortfall in meeting identified affordable housing needs. The HBF acknowledge that the Council may not be able to meet all affordable housing needs but a housing requirement above the minimum LHN will make a greater contribution to delivering more affordable housing.

A housing requirement above the minimum LHN will also contribute towards meeting unmet housing needs from Leicester (also see the HBF's Written Hearing Statement for Matter 1 – Duty to Co-operate & Other Legal Requirements).

Supply

Q4.3 Will the proposed supply of 19,461 dwellings set out in Policy DS1 against a requirement of 17,776 dwellings incorporate a sufficient 'buffer' to allow for non-delivery as well as providing choice and flexibility in the supply of housing land?

There is a "buffer" of only 1,685 dwellings (9.4%) between the Council's overall housing land supply (HLS) and its housing requirement. There is no mathematical formula for determining the appropriate amount of headroom but where HLS is overly dependant on a few Sustainable Urban Extensions (43% of HLS in Charnwood) and / or localities (81% of HLS in Charnwood is located in the Urban Areas of Leicester, Loughborough & Shepshed) greater numerical flexibility is necessary than where HLS is more diversified. In Charnwood, the HBF would advocate a contingency larger than 9.4% to allow for non-delivery as well as to provide wider choice of sites for small, medium & large house building companies and to optimise flexibility in the overall HLS.

Q4.4 Would at least 10% of the housing requirement be accommodated on sites no larger than one hectare as set out in NPPF paragraph 69?

As set out in the 2021 NPPF, the Council should provide evidence to demonstrate that at least 10% of the housing requirement (circa 1,778 dwellings) will be accommodated on sites no larger than one hectare or else demonstrate strong reasons for not achieving this target (para 69a).

Issue 2 - Will the Plan provide for a choice and mix of housing to meet the needs of different groups in the community?

Policy H2 – Housing for Older People and People with Disabilities

Q4.8 Are the requirements in Policy H2 for M4(2) and M4(3) standard homes justified having regard to the factors listed in the Planning Practice Guidance and the evidence in the Housing Needs Assessment (HNA) (EB/HSG/1)?

The requirements in Policy H2 for M4(2) and M4(3) compliant dwellings are not justified. The HNA does not identify any local circumstances, which demonstrate that the needs of Charnwood Borough differ substantially to those across the Midlands or England. Charnwood has a similar age structure (in terms of older people) and slightly lower levels of disability compared with other areas (see para 43). The data shows that Charnwood has an average age structure with 18% of the population aged over 65 in 2018 compared to 19% regionally and 18% nationally (see para 6.3). 30% of households contain someone with a long-term health problem or disability (LTHPD), which is

slightly lower than in other areas and below 33% for the whole of England (see para 6.12). Furthermore, in Charnwood, the older person population is in slightly better health with 50.4% of people aged over 65 with a LTHPD compared to an equivalent figure for England of 53.1% (para 6.27). If the Government had intended that evidence of an ageing population alone justified adoption of optional standards, then such standards would have been incorporated as mandatory in the Building Regulations, which is not currently the case.

Is it clear what is meant by an ‘appropriate proportion’ in relation to the requirement for M4(3) homes?

The meaning of an “appropriate proportion” in relation to the requirement for M4(2) and M4(3) for affordable housing is not clear. The 2021 NPPF states that policies should be clearly written and unambiguous so that a decision maker knows how to react to a development proposal (para 16d). Policy H2 is ambiguous. The proportion of M4(2) and M4(3) sought should be specified and justified with robust supporting evidence. The Council should also distinguish between a M4(3a) wheelchair adaptable dwelling, which include features to make a home easy to convert to be fully wheelchair accessible and a M4(3b) wheelchair accessible dwelling, which include the most common features required by wheelchair users. Furthermore, any requirement for M4(3) should only be required for dwellings over which the Council has housing nomination rights as set out in the NPPG (ID 56-008-20150327).

Has the impact on development viability been assessed and what was the outcome?

The impact on development viability has not been fully assessed.

The Council’s Viability Study only includes an additional cost of £521 per dwelling for M4(2) on 5% of all dwellings instead of the at least 10% of market dwellings plus an appropriate proportion of affordable dwellings set out in Policy H2. The cost of £521 per dwelling is based on DCLG Housing Standards Review, Final Implementation Impact Assessment, March 2015 (see Table 6.3). It is noted that Table 45 of the Impact Assessment shows that £521 per dwelling is based on 3 bed semi-detached house, the costs for apartments are higher (£907 - £940 per dwelling). £521 per dwelling is also based on 2015 costs, which are somewhat out of date and less than more recent alternative estimates. The Government’s consultation “Raising Accessibility Standards for New Homes” (ended on 1st December 2020) estimated the additional cost per new dwelling, which would not already meet M4(2), is approximately £1,400, which is almost triple Council’s cost assumption.

Furthermore, in the Council’s Viability Study, there are no costs included for M4(3) compliant dwellings. During the Government’s Housing Standards Review (September 2014), EC Harris estimated the cost impact of M4(3) per dwelling as £7,607 - £8,048 for apartments and £9,754 - £23,052 for houses (Table 45).

M4(2) and M4(3) compliant dwellings are also larger than Nationally Described Space Standard compliant homes (see DCLG Housing Standards Review Illustrative Technical Standards Developed by the Working Groups August 2013), therefore larger sizes should be used when calculating additional build costs for M4(2) / M4(3) and any other input based on square meterage except sales values, which are unlikely to generate additional value.

Policy H3 – Internal Space Standards

Q4.9 Is there an identified need to apply the Nationally Described Space Standard (NDSS) taking account of the evidence about the size and type of dwellings being built in the area? Where is that evidence and has the impact on development viability been assessed?

The Council's evidence does not identify a need to apply the NDSS. The HNA contains an analysis of a very small survey sample of 3 residential developments / 4 house types, which is not necessarily a true representation of built dwellings, and an analysis of Energy Performance Certificates for dwellings built in the Borough between 2017 – 2019, which is difficult to interpret. From this data, the Council concluded that whilst NDSS gross internal floorspace and built-in storage were not achieved, individual room size standards were achieved, and developers offered a range of products with room sizes of an acceptable size at different price points affordable for first-time buyers (see para 54). Furthermore, the HNA acknowledges that introducing NDSS may reduce housing delivery, place upward pressure on house prices, and potentially reduce the ability of households to access affordable homes (see para 56).

The impact on development viability has not been fully assessed. The Council's Viability Study floor area assumptions (see Table 5.5) for 1 bed apartment is 45 sqm rather than the NDSS of 39 sqm for 1 bed / 1 person apartment or 50 sqm for 1 bed / 2 persons apartment and for 2 bed apartment 64 sqm rather than NDSS of 61 sqm for 2 bed / 3 persons apartment or 70 sqm for 2 bed / 4 persons apartment. These assumptions will under-estimate the impact on viability and affordability, which is not a robust approach.

There is also no assessment of the impact of introducing the NDSS on affordability. In Charnwood, housing is expensive and unaffordable for a significant proportion of the resident population. In 2021, the median house prices to median earnings ratio was 8.41 worsening from 7.68 in 2020. There is a direct relationship between unit size, cost per square metre (sqm), selling price per sqm and affordability. The Council should recognise that customers have different budgets and aspirations. An inflexible policy approach to NDSS for all new dwellings will impact on affordability and effect customer choice. Well-designed dwellings below NDSS can provide a good, functional home. Smaller dwellings play a valuable role in meeting specific needs for both open market and affordable home ownership housing. An inflexible policy approach imposing NDSS on all housing removes the most affordable homes and denies lower income households from being able to afford homeownership.

If the proposed requirement for NDSS is retained and carried forward, the Council should put forward proposals for transitional arrangements. The land deals underpinning SUEs and other non-strategic residential sites may have been secured prior to any proposed introduction of the NDSS. These sites should be allowed to move through the planning system before any proposed policy requirements are enforced. Prior to a specified date, the NDSS should not be applied to any reserved matters applications or any outline or detailed approval.

Policy H4 - Affordable Housing

Q4.11 Does the viability evidence support the percentages of affordable housing sought on greenfield and brownfield sites and the threshold of 10 or more dwellings at which they will be required?

The HBF is supportive of the Council's differentiated policy approach to the provision of affordable housing, which is justified by the Council's Viability Study.

Policy H6 - Self-Build and Custom Housebuilding

Q4.14 Are the policy thresholds justified by the viability evidence and is it clear how many plots would be sought on sites of 10 to 250 dwellings?

Policy H6 seeks at least 5 serviced plots for self-build & custom housebuilding on sites of more than 250 dwellings. The HBF assumes that no self-build & custom housebuilding plots are not sought on sites of 10 – 250 dwellings. Neither the policy site threshold of more than 250 dwellings nor the provision sought threshold of at least 5 serviced plots are justified on the grounds of need, on-site impracticalities of delivery or viability.

The Council's Viability Study considers that there are no impacts on development viability (see Charnwood Local Plan Policies Matrix). The HBF disagree and consider that the provision of serviced self & custom build plots will have a bearing on the development economics of schemes of more than 250 dwellings. It is unlikely that up front site promotion costs (including planning & acquisition costs) and fixed site externals, site overheads and enabling infrastructure costs will be recouped because the plot price a self & custom builder is able to pay may be constrained by much higher build costs. There are also impacts of not recouping profit otherwise obtainable if the dwelling was built and sold on the open market by the site developer, disruption caused by building unsold plots out of sequence from the build programme of the wider site and a worst-case scenario of unsold plots remaining undeveloped.

What evidence is available to demonstrate the level of interest in self and custom build dwellings?

The HNA identifies a minimal demand for self & custom build housing. In Charnwood, over the past four years, there have been an average of only 42 new entries each year to the Council's Register (see para 66) of which 34%

originate from households living outside the Borough (see para 11.5). This simple reference to the headline number of entries on the Council's Register may over-estimate actual demand because the Register's entries may have insufficient financial resources to undertake a project, be registered in more than one Local Planning Authority area and have specific preferences. Self-build & custom housebuilding plots on sites of more than 250 dwellings may not appeal to those wishing to build their own home, who may be seeking individual plots in rural locations. The Register may indicate a level of expression of interest in self & custom build housing but it cannot be reliably translated into actual demand should such plots be made available.