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Melton Local Plan Examination 2018

Matter 3

Response to Inspector's Questions on behalf of
Barratt David Wilson Homes

Matter 3: Overall requirements for housing and employment land and the long-term growth strategy (Policies SS2 and SS6); affordable housing need and policy targets (Policies C4, SS4 and SS5) [Note: the soundness of the land allocations for housing and employment will be considered under Matters 4, 5 and 8 as appropriate]

3.1 *Has the housing requirement figure of 6125 dwellings (2011-2036) (equivalent to 245dpa) as set out in Policy SS2 been informed by a robust, credible assessment of the objectively assessed needs and is it positively prepared and consistent with national planning policy? In particular:*

i) *Is the Housing and Economic Needs Assessment for Leicester and Leicestershire (HEDNA 2017) an appropriate starting point for setting the requirement in terms of its demographic assumptions (including future trends in household formation and migration), the account taken of market signals, forecast growth in employment, commuting patterns and the need for affordable housing?*

The G.L Hearn prepared HEDNA objectively assessed housing need (OAHN) of 245 dwellings per annum is very much a 'starting point' and considered by Barratt to be of limited relevance in determining the overall requirement for housing land for the Borough. The Home Builders Federation (HBF) observed in their written submissions to the Melton Local Plan Focussed Changes dated 23rd August 2017 that the HEDNA underestimated OAHN because of:-

- Not addressing any potential re-distribution of unmet housing needs within the HMA (in particular from Leicester City) ;
- Misalignment of employment and housing strategies ;
- Jobs led growth assumptions in particular economic activity rates and resident workforce / commuting ;
- Use of HFR as mechanism to adjust for worsening market signals ;
- Lack of adjustment to deliver affordable housing.

The HEDNA calculated OAHN of 170 dwellings per annum includes only a 20 dwellings per annum upward adjustment for affordability and 16 dwellings per annum upward adjustment to support economic growth in the Borough. It is the view of Barratt Homes and others including the HBF that this is a substantial under-adjustment of the economic and affordability elements of the OAHN.

Paragraph 19 of the NPPF states that The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system. Housing is a both a driver and a contributor to economic growth, through jobs in the construction industry and in the delivery of homes to underpin employment growth areas. The addition of a further 400 dwellings over a 25 year plan period barely acknowledges the potential for economic growth in Melton identified in the Council's Employment Land Study and in particular delivery of the Melton Mowbray Transport Strategy, which is expected to support additional employment growth, suggesting that it would be realistic to expect (policy on) growth of 3,420 jobs over the plan period to 2036. In this regard the

modest HEDNA adjustment clearly does not 'do everything it can to support sustainable economic growth'.

The NPPG gives guidance on meeting affordable housing needs through upward adjustment of the housing supply in local plan preparation. Paragraph: 020 Reference ID: 2a-020-20140306 states '*In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be*'. The upward adjustment of 20 dwellings per annum does not sufficiently address the wider affordability issue through enhanced overall supply as affordable need is recorded as in the order of 1750 dwellings across the Borough.

The Council's own response to submitted representations to the Focussed Changes acknowledges that the HEDNA requires uplift through the TAHR (Towards a Housing Requirement for Melton Report – MBC/HN4a) to take account of what the local plan is seeking to achieve, national policy and meeting housing needs from elsewhere in the Leicestershire and Leicester housing market area. These very broadly worded comments clearly highlight the limited value of the HEDNA figure in fully addressing a wide range of housing and affordable need in the emerging local plan.

ii) *Is the uplift from the HEDNA OAN figure for Melton (170dpa) to 245dpa soundly based, having regard to the evidence and national planning policy? Does it take appropriate account of a) employment growth, b) the identified need for affordable housing, c) infrastructure needs, d) capacity of land, and e) deliverability/achievability?*

Page 8 of the Executive Summary of the TAHR (MBC/HN4b) prepared by G L Hearn indicates in its conclusions that 'There are clear economic and social benefits from delivering higher housing provision arising from:

- *Positively supporting sustainable growth in the Borough's economy and aligning with the evidence in the Employment Land Study. The evidence indicates that between 230 – 274 dwellings per annum might be needed to support this.*
- *Delivering the Melton Mowbray Transport Strategy, including the eastern, northern and southern distributor roads, which will positively support town centre regeneration, address congestion and rat running, deliver new employment sites and support economic investment;*
- *Boost significantly the supply of housing, with positive impacts in terms of both improving overall housing affordability and meeting the need for affordable homes in the Borough. 280 dwellings per annum would be needed to meet the affordable housing need in full at 25% affordable housing delivery;*
- *Making a positive contribution to meeting the potential unmet needs arising from other local authorities within the Housing Market Area.*

The summary then highlights in bold in the following paragraph that:

'The evidence thus provides a clear justification for planning for between 5,750 – 7,000 dwellings over the 2011-36 period (230 – 280 dpa).'

The key figures arising from the paragraphs above are 230-274 dwellings per annum to support sustainable economic growth and 280 dwellings per annum to meet the affordable housing need in full at 25% affordable housing delivery. The Council has opted for 245dpa which falls toward the lower end of the range to support economic growth and significantly below the 280 dwellings per annum to deliver the affordable need at a 'realistic' delivery rate of 25%.

In the opinion of Barratt Homes, The emerging Local plan does not meet the clear guidance set out in the first bullet of paragraph 47 of The Framework

To boost significantly the supply of housing, local planning authorities should:

- *use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;*

In this context the plan is not positively prepared to deliver the full needs for market and affordable housing and is not consistent with Government Policy. The Council should be setting their annual requirement at 280 dwellings per annum (*7,000 dwellings over the plan period*) to seek to support sustainable economic growth and meet affordable housing needs in full.

iii) Is the HEDNA's estimate that c1750 affordable dwellings are required in the Borough robust? Is the Plan's target of 1300 net affordable dwellings that informs Policy C4 soundly based and deliverable? Are the affordable housing targets set out in Policy C4 soundly based and deliverable?

Barratt do not challenge the HEDNA estimate that c1750 affordable dwellings or 70 dwellings per annum are required within the Borough. Their concern lies in respect of delivery in terms of the quantum and nature of sites available and the affordable housing delivery target of 37% provision set out in Policy C4.

The TAHR sets out (at paragraphs 6.19 and 6.20) the net affordable need and the required annual housing requirement to deliver the affordable housing need and paragraph 6.20 states:-

At a policy compliant level of 37% delivery, 189 dpa would be required to meet the affordable housing need; however there are likely to be site-specific viability issues which influence what can be viably delivered on some sites. At an average of 25% delivery of affordable housing, 280 dwellings per year would be needed to meet the affordable need in full. At 30% delivery, 233 dwellings per year would be needed to meet the affordable need in full.

Paragraphs 6.19 and 6.20 of the TAHR (MBC/HN4a) both reference the potential for viability constraints influencing the ability to deliver a policy compliant level of 37 % delivery of affordable dwellings. In the Melton Local Plan which this emerging local plan will replace, the headline affordable housing requirement was 40% affordable. Physical delivery of affordable homes in Melton Borough in recent years has been very poor with around 120 affordable dwellings in total being delivered across

the Borough since 2011, an average of just 20 per annum. It is the view of Barratt that the proposed reduction of the target to 37% is unlikely to result in any significant improvement in affordable delivery.

Some 3,200 dwellings (over 50% of the current Borough Housing target of 6125 dwellings) are proposed to be delivered from the two Sustainable Neighbourhoods proposed north and south of Melton Mowbray respectively. These are rightly the subject of separate examinations sessions which will interrogate the timetable for delivery of homes, infrastructure and community facilities. Delivery of 37% affordable homes from these two neighbourhoods is a major burden upon the developers in addition to the extent of road and service infrastructure that will be required to support these new communities.

The subtext to Policy C4 at paragraph 5.8.16 of the Local Plan (set out below) is already anticipating a delay and shortfall in delivery which will impact on the supply of affordable homes from the two main housing sites underpinning the local plan.

5.8.16 With large scale, phased developments, it might be necessary to consider a varied approach to affordable housing contributions. For example, to ensure the delivery of the scheme and its associated infrastructure, the affordable housing contribution could be deferred until later phases of the development, or a reduced contribution rate could be agreed on the basis of securing other infrastructure provision in place of the total affordable housing requirement for the scheme. These approaches would be assessed via plan-wide and scheme-based viability assessments.

Barratt consider that if the affordable housing target is lowered to a more sensible level of 25% and the housing requirement raised to 280 dwelling per annum to 'in theory' deliver the overall affordable requirement then there is a greater prospect all round of more affordable homes being delivered. The current levels of delivery are a clear indicator that setting a very high target is likely to be ineffective, unsustainable and consequently unsound.

3.2 Are the relevant parts of section 4.7 and Policy SS6 a sound basis for addressing housing, employment and other needs that may arise in the Borough, the Housing Market Area and elsewhere in the future? Are they fully consistent with the Joint Statement of Co-operation for the Leicester and Leicestershire Authorities, updated in November 2017? Should Policy SS6 be more specific about what would trigger review of the Plan and the timescale for review in order to address such needs?

Barratt Homes commend the Inspector's question and consider that policy SS6 is ineffective without explicitly stated trigger points for a review of the plan in the event of the Council failing to meet its housing and employment requirements. It should not be difficult to 'define' a significant and persistent shortfall both in terms of under delivery against the Council's trajectory and the period of time in which such delivery can be considered to be persistent for the purposes of triggering a review and/ or a release of Reserve Sites to address the shortfall. In this regard a delivery shortfall of 20% (or more) against the Council's Housing delivery trajectory over a three year period from adoption of the plan should formally trigger the release of additional sites through review (alongside the inevitable appeal processes) should the Council's housing land supply fall below five years (at whatever level such supply will be determined by the Inspector and any incoming Government guidance on annual 'fixing' of the five year supply calculation).

Melton Borough has persistently under delivered on housing completions every year since 2010 yet now consider that the local plan will deliver way above historical targets for the period 2018/19 through to 2023/24 with a 'step change' delivery to a rate approaching 900 dwellings for the period 2019/20 and 2020/21 before dropping down to 493, 466 and 403 in the following years (MBCHS 1A). With high levels of delivery predicted in the early years of the plan it is essential that a trigger for review of performance is also set early in the plan period, at a three year post adoption period which could potentially follow publication of actual confirmed housing completion figures for 2020 -2021 in late 2021.

These triggers can sit alongside any review requirements arising from the adoption of the Leicester and Leicestershire Strategic Growth Plan, currently expected to be finalised during 2018.

3.3 Are the references in Policy SS6 to specific locations as potential alternative or long term options justified?

In the event of under delivery in the early years of the local plan, due to site start delays and/or subsequent slower than target delivery at the Melton Mowbray Sustainable Neighbourhoods, alternative sites must come forward that are deliverable to meet needs in the short term. The specifically named large scale locations within Policy SS6 and land to the west of Melton Mowbray are highly unlikely to deliver housing in the short term as they will be subject to similar lead-in and infrastructure requirements that will impact on early delivery at the MMSM's. Thus whilst it is the function of the local plan review to look at a long term delivery strategy and the reference to specific locations may be considered as 'helpful', such approach will certainly not address a supply breakdown in the early years of housing delivery in the current plan period.

Consideration of other 'suitable' sites within the rural area (not already allocated as reserve sites) is clearly just a statement of the obvious position, yet Barratt fail to see why Policy SS6 refines this to **'suitable' small sites within the rural area**, when there may be larger sites readily capable of development in sustainable locations. Policy SS3 (as amended) - Sustainable Communities (unallocated sites) is already supportive of *'new development in the rural area within or on the edge of existing settlements, provided it is in keeping with the scale and character of the host settlement'* and so such restrictive reference to small sites in rural areas in Policy SS6 becomes unnecessary duplication of SS3 and an irrelevance unless it incorporates larger sites that would fall outside the remit of SS3.

The Barratt landholding east of Belvoir Road in Bottesford is an example of a larger rural site. This site was assessed but discounted as a Large Scale Development Site with a capacity in excess of 400 dwellings as defined by MBC (MBC/SS5) yet could accommodate in the order of 200 dwellings, reflecting alleged site and setting constraints and deliver early homes within 5 -6 years, constructed at the annual rates expected by Barratt and its sister company David Wilson Homes as national housebuilders.