



Planning Policy Team
Adur and Worthing Councils
Town Hall
Chapel Road
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Dear Sir/Madam

ADUR DISTRICT COUNCIL: PROPOSED SUBMISSION LOCAL PLAN

Thank you for consulting with the Home Builders Federation (HBF) on the Adur Local Plan.

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 and, in due course, be notified of the submission of the local plan and to participate in the hearings of the Examination in Public.

Policy 3: Housing Provision

The housing requirement is unsound because it is unjustified. It is unjustified because the assessment of housing need provided by the Council diverges so significantly from the official DCLG household projections. The reasons for the divergence are insufficiently justified.

The plan establishes a housing requirement for a minimum of 3,488 – 3,638 dwellings from 2011 to 2031. This equates to an annual average of 174 to 182 dwellings per year over the 20 year plan period (paragraph 2.24). We note that the upper end of this range corresponds to the lower end of the range of what the Council considers represents the objectively assessed need (OAN).

We doubt whether 180 dpa is representative of the OAN for the district. We will explain why.

This figure is based upon the Council's *Assessment of Housing Development Needs Study: Sussex Coast HMA* published in April 2014 and prepared by GL Hearn. The assessment of need includes various projections.

These projections (except for PROJ 1) are derived from a methodology deployed in an earlier study published in August 2013 entitled: *Updated Demographic Projections for the Sussex Coast HMA Authorities*. This is explained in paragraph 2.11 of the April 2014 report.

For Adur the report generates several scenarios for Adur. These are set out in figure 31 on page 39 of the August 2013 report. We have summarised these as:

PROJECTION	Population growth per annum	Households per annum
PROJ 1 (SNPP)	604	297
PROJ 2 (SNPP updated)	213	141
PROJ 3 (10 year migration trends)	218	143
PROJ 4 (5 year migration trends)	194	134
PROJ A (Labour supply)	484	250
PROJ B (Labour demand)	358	200
PROJ C (Experian updated)	439	232
PROJ X (Zero net migration)	-84	23
PROJ Y (Zero employment growth)	147	116

Paragraph 2.10 notes the PROJ 1 which models the exact assumptions of the most recent 2011 based SNPP and the 2011-based DCLG household projections provides the 'initial baseline position'. This projects a need for 297 dwellings per annum. The observation that PROJ 1 provides the 'initial baseline position' is consistent with the NPPG which states that the official DCLG Household Projections should serve as the starting point for the objective assessment of need. The NPPG, furthermore, considers the DCLG household projections to be robust (ID 2a-017-20140306). These provide a sound basis for the objective assessment of need although, as the guidance goes on to state, plan-makers may consider sensitivity testing specific to their local circumstances based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

We note that the PROJ 1 compares to the DCLG household projections. The DCLG household projections show the following for the period 2011-2021:

	Average growth 2011-21	
	Population growth per annum	Households per annum
2008-based household projection	370	272
2011-based household projection	620	275

What is interesting about this comparison is the evidence of a large increase in population in Adur recorded by the 2011 Census compared to what had previously been projected by the 2008-based household projections using the 2001 Census as the base. Despite the steep rise in population recorded by the 2011 Census, rates of household formation are projected to remain relatively consistent with what had previously been projected. The reason for this must have something to do with issues of supply and affordability in Adur district, just as the RTPI paper cautions. Nevertheless, the last two sets of household projections - which the Government considers should serve as the starting point for the objective assessment of need – still project a level of household formation that considerably exceeds the Council’s own favoured scenario - namely PROJ 2 which equates to 141 dpa (see paragraph 3.2 of the April 2014 paper). We are therefore concerned by the extent to which the Council’s own modelling diverges from the official projections. It will be necessary to understand the reasons for this, and whether the Council’s assumptions are justified.

Appendix 1 of the August 2013 report attempts an explanation. The report states how the migration profiles of the SNPP have been amended by the Council’s consultants to account for the Mid-Year 2013 Population Projections. The report states that account has been given for the difference between the 2011-based SNPP and the Mid-Year 2013 Population Projections, although this is not altogether clear. However, the report suggests that in the case of Adur there has been an over-estimation of in-migration and an under-estimation of out-migration. The Council’s baseline demographic assessment, therefore, depends quite heavily upon its modelling based upon a difference between two sets of population projections. Unfortunately the comparative migration data – the difference between PROJ 1 (the 2011-based SNPP) and the Council’s PROJ 2 (SNPP Updated). Consequently, it is difficult for third-parties to assess the Council’s assumptions. The NPPG advises that where any local changes to the official projections are proposed then these will have to be clearly explained and justified on the basis of established sources of robust evidence. We do not consider that appendix 1 to the August 2013 report provides this clear explanation to justify the considerable divergence from the official household projections.

Paragraph A1.7 indicates that the Council’s assumptions are supported by the availability of 2010/11 migration data that was not available for the 2011-based SNPP. It states that this more recent data shows that migration has not gone back up as had been projected and so the Council considers its revised baseline position to be reasonable. This comparative data is not provided so it is difficult for third parties to judge this. Furthermore, even if this was true, we

are not convinced that this is a prudent assumption for forward planning because recent migration trends will have been suppressed by a combination of recession and long-term affordability: factors that the Government is endeavouring to counter-act through the NPPF and its plan for growth. Plan-makers in the South East need to bear in mind the Mayor of London's assumptions about increased out-migration and decreased in-migration to the capital. Furthermore, in view of the housing pressures in London and other parts of the South East (including the planning decisions being made by Adur's neighbours to the north who are planning housing requirements that are very much lower than the official projections) we think that the recent migration evidence does not provide a reliable determinant for the future. Furthermore, these factors will have been considered by the DCLG in preparing the 2011-interim household projections.

As paragraph A1.4 of Appendix 1 indicates, one cannot assume with any certainty that the Council's assumptions about migration will be any more reliable than the official DCLG household projections:

"Past migration trends have been adjusted to take account of the over-or-under-recording of migration. It is not clear whether differences are due to the recording of in-or out-migration or if it impacts more on international rather than internal migration."

(our emphasis added)

The Council's reading may prove to be the more accurate forecast. Equally, the Council may be wrong. However, because the Council's projections diverge so significantly from the official projections, we consider that it would be unwise to plan on the basis that the Council's own forecast provides the more correct reading of the future than the DCLG. The Council's baseline projection of housing need of 141 dpa is only half the official household projection of 297 dpa and the Council's population forecast is almost two thirds lower (213 persons per annum) than that provided by the ONS (604 persons per annum). One needs to compare PROJ 1 and 2.

We need to bear in mind that the NPPG considers that the official projections – the DCLG household projections – to be statistically robust and should provide the starting point for the objective assessment of need. Moreover, the NPPG remind us that the household projections are based on nationally consistent assumptions. The DCLG household projections will provide effective projections if every planning authority adopts the projection as its starting point – they will then all add up to the national projection of 221,000 households per year to 2021. When local planning authorities adopt figures that diverge significantly from the official DCLG household projections this will begin to create difficulties for housing forecasts across the sub-region. If it is wrong in its forecasts, then Adur will create difficulties for its neighbours and other districts.

We also do not find the Council's alternative projection and its assumptions about migration to be credible in view of the recorded population growth in London and the south East. Moreover, the scale of the unmet need in London

and the Mayor of London's own migration assumptions (an increase in out migration and decrease in in-migration to the Capital) all tend to point towards the official projections providing a more reliable projection of future need than the Council's "amendment of past trend data to be consistent with the new mid-year population estimates" (paragraph A1.4).

The August 2013 report also models some employment-related scenarios. All three (PROJ A-C) indicate levels of need ranging between 200 – 250 dpa (see also paragraph 3.10 of the April 2014 report). The consultants reflect upon this, hence the recommendation that the OAN probably resides between the figures of 180-240 dpa. We remain concerned that the upper end of this recommended range which already includes an adjustment for employment is still lower than the official projections while the bottom end of the range (i.e. 180 dpa) would support none of the employment scenarios. In view of Adur's aging population where one quarter of the current residents are already at retirement age (see for example page 9 of the Duty to Cooperate statement and paragraph 4.30 of the local plan) a housing requirement that is lower than the employment forecasts is concerning. If the trend for Adur to be favoured as a place of retirement continues *and increases* as a consequence of supply pressures experienced elsewhere in the south east and London then there is the great risk that the working age population will fall as a consequence of being priced-out of the district.

The evidence, therefore, suggests that the housing need of the district is going to be closer to the figure of 275 dpa as indicated by both the 2008 and 2011 official DCLG household projections and the Council's own PROJ 1 (297 dpa) rather than the Council's PROJ 2 with its assumptions about lower migration.

Whether the Council can accommodate this level of need is a different matter. We accept that an objectively assessed need of circa 275 dpa is likely to require cooperation with other planning authorities. Conversely it will require a fundamental rethink of the matter of densities and perhaps the removal of other planning restrictions within Adur.

The duty to cooperate

The plan is unsound with regard to the duty to cooperate.

Adur is part of the Sussex Coast HMA. This, according to the Council is the functional housing market, although there are inter-relationships with the Northern West Sussex and South Hampshire areas (see paragraph 3.24 of the Duty to Cooperate statement). As such Adur's plan forms an important component part of the overall planning strategy for the HMA. As part of the plan for the HMA, Adur will need to demonstrate what part it has played in attempting to resolve the problem of the unmet needs of the HMA, including that relating to Brighton and Lewes Councils. Over the last year and a half it has become apparent that the Sussex Coast authorities are unable to accommodate all the assessed housing need for the HMA within the HMA. Paragraph 3.25 of the DTC Statement indicates that supply could fall short by

20% of the assessed needs. While Adur may be unable to assist directly, Adur, acting in conjunction with the other authorities of the HMA, is under an obligation to try and find a solution to this problem by negotiating with the planning authorities to the north. Unfortunately, the Adur plan is silent on this question. We are worried that the problem of the unmet housing needs of the HMA is being avoided. As such the Adur plan cannot be said to provide a sound component part of a wider plan for the HMA.

In view of the scale of the unmet need across the HMA, Adur's acquiescence to the recent Horsham local plan – i.e. its failure to object to that authority's plan – cannot be considered to be a credible position for the Council to have adopted. Having failed to present a unified case to persuade Horsham to provide for an element of the unmet need of the Sussex Coast HMA, Adur has closed-down the only realistic option that would allow the unmet needs of the HMA to be accommodated. Its failure to object the Horsham plan is unjustified and Adur, along with the other Sussex Coast authorities, will now have to deal with the consequences.

We are aware of the situation across the Sussex Coast authorities and the impossibility of authorities such as Brighton & Hove City and Lewes meeting their objective needs within their own boundaries. Addressing the needs of the Sussex Coast HMA will require Adur and its other HMA partners cooperating with authorities outside of the immediate coastal housing market area.

The unmet need in the case of Brighton & Hove is substantial – circa some 8,000 dwellings. The Adur plan discusses the duty to cooperate on pages 6-7 of the plan but it fails to refer to this significant strategic problem in a neighbouring authority. Adur may consider, quite reasonably, that it is not in a position to come to the assistance of Brighton, but we consider that the authorities of the HMA are obliged to act in combination to seek a solution of the capacity problems of the HMA by appealing to the authorities to the north – Horsham and Mid Sussex – to assist. The silence of Adur and the other authorities of the HMA to the plans being produced by these northerly authorities – and therefore the tacit support they have given to the Horsham and Mid Sussex plans through their silence – is unjustified.

We have considered the Memorandum of Understanding between Horsham and Adur (appendix 4 of the Duty to Cooperate Statement). This has yet to be finalised according to the DTC Statement (paragraph 3.31). The Memorandum refers to Horsham's 'headroom'. This is disputed by the HBF and other parties, on the basis that Horsham's housing requirement of 650 dpa, like Adur's, is unrealistically far adrift from the DCLG 2011 household projection. It is uncertain, therefore, whether the overall requirement for Horsham District will meet Horsham's needs entirely, let alone provide any headroom for anyone else. The examination of Horsham's plan is underway. Nevertheless, even if one assumes that some 'headroom' is available in Horsham, it has not been specifically apportioned to show which constrained authorities will benefit directly. At the same time as the Sussex Coast there is a considerable problem of unmet needs in Crawley – the unmet need judging by Crawley's latest assessment of need would be about 3,000 dwellings.

Even if the entirety of the Horsham ‘headroom’ was allocated to support Crawley’s needs this would still be insufficient to close the gap between need and supply. As such, Horsham’s argument that its plan provides spare capacity to assist other districts does not bear up to scrutiny.

In the Memorandum Horsham refers to its ‘constrained’ neighbours (see the table on page 71). It invites these constrained neighbours to let Horsham know what the housing needs and preferences are in their area. It would be helpful if Adur had explained in the Duty to Cooperate Statement how the Sussex Coast authorities, which includes Brighton and Lewes, have responded to this request. If they have not responded to this request, then this suggests the duty has not been pursued diligently by the Sussex Coast authorities to resolve the pressing issue of the unmet needs in Brighton and Lewes.

There is a Memorandum of Cooperation agreed with Mid-Sussex District (see paragraph 3.31 of the DTC Statement). This states that Mid-Sussex’s ability to make any contribution to accommodating wider needs is contingent upon the preparation of the sustainability appraisal. It is apparent therefore that the Sussex Coast HMA authorities have not been able to secure a specific commitment from Mid-Sussex prior to Adur preparing its Regulation 19 plan.

The problem of the unmet need for the HMA remains unresolved. The plans for Brighton, Lewes, Chichester and Adur have either been examined, are at the examination stage or have reached submission stage. Therefore, the opportunity for the authorities of the Sussex Coast HMA to collectively exert pressure on the emerging plans for Horsham and Mid-Sussex has been lost.

The Adur plan is unsound. The failure of Adur to play its part in resolving the problem of the unmet need in the HMA, including its decision not to object to Horsham’s plan, means that the Adur plan will have to live with the consequences. Reconsideration of the overall planning strategy now would allow Adur, Worthing, Chichester, Lewes, Arun and Brighton all to prepare new aligned plans for the HMA that will address this strategic failing.

Table 1: Housing Supply over the Local Plan Period 2011-2031

We note the housing land supply. It would be helpful if it is the Council’s intention to count completions in the C2 Use Class towards the housing targets. If so, the Council will need to demonstrate how demand for C2 Uses has informed the calculation of the objective assessment of need.

We note the windfall allowance. This is quite large for the district. The Council should explain what contingency it has in case these windfalls do not materialise. A non-implementation allowance should be considered.

Good Practice guidance Note: Internal Space Standards for New Homes

We have noted the reference to this interim guidance on the Council’s website. The Council states that this practice guidance will apply until internal

dwelling space standards are introduced through the local plan. We have been unable to detect a policy relating to space standards in the local plan. The website also refers to an SPD. We would welcome the Council's clarification with regard to the introduction of a space standard. The Council will be aware that it can only do so through this or another local plan. If it is the Council's intention to do so linked to *policy 15: quality of the built environment and public realm* it should say so.

Policy 18: The Energy Hierarchy

The policy is unsound because it is inconsistent with Government policy.

The Council cannot require that applicants adhere to its energy hierarchy. How an applicant will meet the current and future requirements of Part L of the Building Regulations will be a matter for him/her to decide. The Council cannot prescribe how this is achieved. This is no longer a planning matter but a matter for Building Control. This is made clear in the Written Ministerial Statement on the Building Regulations issued on the 13 March 2014.

We also refer the Council to the Government's response to its consultation on its approach to zero carbon homes entitled: *Next steps to zero carbon homes – Allowable Solutions*, July 2014. In its conclusions the Government is clear that the most appropriate route by which house builders achieve the energy efficiency standards is a matter for the developer to decide (see paragraph 8).

The Council cannot require that applicants incorporate on-site renewable energy measures. How a developer meets the Building Regulations will be a matter for him/her to decide. This could include the use of on-site renewables; equally it may not.

Applicants are not required to justify the method they wish to adopt. This is not a planning matter.

The policy should be deleted.

Policy 19: Sustainable Design

The policy is unsound because it is inconsistent with Government policy and is unjustified in terms of viability.

We note that the Council requires compliance with Code 4. In view of the Government's intentions regarding the *Housing Standards Review* we recommend that the Council reconsiders its approach.

We note the results of the Viability Assessment once Code 4 is modelled (see page 34 of the *Viability Assessment*, November 2014). In the yellow band, this shows that viability margins fall to perilously low levels. Once the cost of Lifetime Homes has been factored-in, as the Council has chosen to omit, then this will erode viability into the negative (Lifetime Homes, according to the DCLG costs on average £1,500 per dwelling). One also needs to bear in mind

that the Viability Assessment is predicated on S106 costs not exceeding £1,000 per dwelling. This seems highly unrealistic.

In the light of this information, we do not consider that the case has been made for a rate of 30% affordable housing.

However, it is difficult, however, for third parties to analyse the results properly because the appendices of the report providing the actual costs, including the strategic site assessments and the Shoreham Harbour viability assessment, have not been made available to accompany the Regulation 19 consultation.

Policy 20: Decentralised Energy and Stand-alone Energy Schemes

The policy is unsound because it is contrary to stated government policy on energy in residential development.

The Council will need to have regard to recent legislation, plus the *Housing Standards Review* and the recent Ministerial Statement on the Building Regulations, plus Supporting Note. How developers go about achieving the energy efficiency elements of the Building Regulations will be a matter for them to decide. The Council cannot prescribe anymore how these standards are achieved, or require applicants to justify the approach they have taken. This is no longer a planning matter.

In April 2014, the Government's Deregulation Bill proposed to delete from the Planning and Energy Act 2008 the clause relating to local energy efficiency standards. The Act would retain provision for local authorities to require a proportion of energy used in a development to be energy from renewable and low carbon sources. However, the clauses refer to renewable and low carbon energy sourced in the locality of the development, not necessarily directly from the housing development (on site renewables). The applicant therefore has the discretion to decide the most appropriate way for him to meet the energy targets in the Building Regulations. This may include off site renewable, it may not. The Council should have regard to the direction of Government policy.

Therefore, requiring applicants to justify their approach to achieving carbon reduction by having regard to the Council's energy hierarchy is contrary to national policy and regulation and is unnecessary.

Energy Statements

The requirement that applicants provide energy statements is contrary to national policy. It will be up to the developer to decide how he complies with the Building Regulations and for the work to be approved by the Building Control department of the Council. The Council cannot stipulate how the relevant regulatory requirements are achieved. This is no longer a planning matter.

Policy 21: Housing Mix and Quality

We note the requirement for Lifetime Homes. It is unclear from the Viability Assessment that accompanies the local plan whether this has been included as a policy cost. Section 4 of the report does refer to this as a cost but we are unclear how this has been accounted for. The report states that “the construction cost rates adopted are considered to cover the costs of adopting ‘Lifetime Homes’. This is unusual as BICS costs, which are based on typical build costs, will not reflect the costs associated with the higher standards required by Lifetime Homes. The cost of building Lifetime Homes is indicated by the DCLG in its document entitled *assessing the Cost of Lifetime Homes Standards* (DCLG, July 2012). Page 22 of the report assesses that the cost of building to Lifetime Homes standards is as follows (figures rounded):

2 bed terrace	£1,394
3 bed terrace (example 1)	£2,966
3 bed terrace (example 2)	£ 586
4 bed semi	£1,153

The average cost is £1,525 per dwelling. We would suggest that a cost of £1,500 would provide a more reliable indicator of the average cost of complying with this policy and we consider that this figure should be factored into the viability assessment to ensure the deliverability of the plan. The costs will be greater for flats. As a significant component of the future supply will take the form of flats it is necessary for the Council to factor in these increased costs.

The Council will need to include this cost as part of its assessment in order to be sure that the plan is capable of sustaining this local policy requirement.

Policy 22: Affordable Housing

The rates for affordable housing are unsound because they are unjustified as they are not supported by the evidence.

We note that the study allows for only £1,000 per dwellings for S106 site specific mitigation. This seems low, especially when a nil CIL needs to be set for the Shoreham regeneration area. Shoreham Harbour is expected to provide 970 units so this would mean a total of £970,000. The Council will need to reconcile this with its Infrastructure Plan. We note on page 39 of the Viability Assessment that the Shoreham Harbour sites is £26.7 million in the red for residential. The ability of Shoreham Harbour to make any contribution to affordable housing is doubtful. We note that paragraph 6.10 of the report makes this observation.

The £1,000 for the residual S106 also seems very unrealistic when one notes that the Viability Assessment (November 2014) considers that nearly all the other building construction costs associated with various local plan policies

will have been covered by the standard development costs associated with the generic BICS costs per square metre. This is not the approach followed by other viability models. Because the BICS costs tend not reflect the cost of new local plan policies, such as Lifetime Homes, biodiversity and Green Infrastructure we are not convinced that the Council can rely of BICS costs to avoid assessing the cost implications of its desired local plan policies.

Policy 29: Transport and Connectivity

The policy is unsound.

The policy requires applicants to adhere to the 'most up-to-date' car parking and cycle parking standards without specifying what these are in the plan. This is contrary to paragraphs 153 and 154 of the NPPF.

Policy 30: Delivering Infrastructure

The policy is unsound because it is ineffective and unjustified.

The Council will need to explain how the underlying assumption in its Viability Assessment that developments will contribute just £1,000 per dwelling by way of S106 squares with the requirement of the policy 30 that S106 arrangements will need to be continued after the adoption of the CIL in order to secure site specific infrastructure delivery. The Council will need to demonstrate how contributions amounting to just £1,000 per dwelling will support the requirements of its Infrastructure Plan.

Policy 33: Open Space, Recreation and Leisure

The policy is unsound because it is unjustified.

It is unclear how applicants can afford these requirements given that the Viability Assessment assumes only £1,000 per dwelling. It appears that the Council is not proposing that open space is paid for by the CIL. Therefore, it will need to set out the costs of delivering this policy in its Infrastructure Plan.

Yours faithfully,

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