

Supply of Housing in the Key Hubs Discussion Paper

July 2016

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1. Background

- 1.1 The Eden Local Plan 2014-32 Submission Draft proposes in Policy LS2 that a minimum of 200 homes per year (a total of 3,600) will be built in Eden across the eighteen year plan period. The policy distributes a proportion of development to each of elements of the Settlement Hierarchy outlined in Policy LS1 (Locational Strategy).
- 1.2 The policy proposes that the Key Hubs will accommodate a minimum of 720 new dwellings across the plan period, which is equivalent to 20% of all new development. Despite identifying this figure, the Submission Draft of the Eden Local Plan did not propose to allocate any housing sites or distribute a number of new homes to each individual Key Hub.
- 1.3 In the Preferred Options Draft of the Eden Local Plan, which was published in June 2014, the Council did propose land allocations in some but not all of the Key Hubs. The Preferred Options Draft allocated housing sites for a total of 406 new dwellings, these allocations combined with existing commitments provided the 720 units required by Policy LS2.
- 1.4 The Council took the decision following the consultation on the Preferred Options Draft, not to allocate land in the Key Hubs. Further discussion on this topic can be found in the Revised Settlement Hierarchy Paper (SD019) published in July 2015. An informal consultation was held in August 2015.
- 1.5 The decision not to allocate was taken on the grounds that planning applications and neighbourhood plans would deliver the necessary housing growth without the need for the Local Plan to allocate housing sites.
- 1.6 At the recent examination hearings, concerns were raised regarding this approach. The Inspector wrote to the Council advising that unless the Council is able to provide sound evidence that residential development likely to occur as a result of windfalls, will deliver the required amount of development in the right Key Hubs but not substantially over provide, then this aspect of the plan is unlikely to be found sound.
- 1.7 The Inspector suggests that to provide some certainty there ought to be site allocations covering a substantial amount of the development still to be identified within these Key Hubs or alternatively identified broad locations for development accompanied by development parameters.
- 1.8 The Inspector is also concerned that the history of the Core Strategy's implementation suggests that substantially more dwellings than were proposed are being delivered in the Key Hubs and at the expense of development in

higher order locations, such as the towns. Without parameters being established in the plan which indicate the amount of development expected to be delivered within each Key Hub and with some mechanism to ensure that something similar to that is what is delivered, then history would suggest that the Key Hubs will deliver far more dwellings than proposed, thereby undermining the overall delivery strategy.

- 1.9 Additionally, the Council has also undertaken further work on the designation of the Key Hubs, seeking to address concerns raised by the Inspector regarding the number of Key Hubs, their location and their ability to meet the objectives of the Local Plan. A separate discussion paper considers our revised approach to identifying Key Hubs and concludes that the Council should identify 12 Key Hubs, reducing the overall number from 28. As a result the amount of development taking place in each Key Hub is likely to increase.
- 1.10 The Council acknowledges that the strategy put forward in the Submission Draft Local Plan lacks the necessary clarity to direct the right amount of development in the right places. We acknowledge that whilst the Council remains supportive of neighbourhood planning activity, this should not be the only mechanism for housing delivery within the Key Hubs.
- 1.11 As such, the Council has come to the conclusion that it would be appropriate for the Council to establish some development parameters which will provide clarity and ensure the right development takes place in the right places.
- 1.12 The Council wrote to the Inspector on the 17 August 2016 outlining the Council's suggested position in relation to allocating sites in the Key Hubs, a copy of this letter is included at Appendix 1. The Council's suggested position was to produce an Allocations Development Plan Document (DPD) covering just the Key Hubs.
- 1.13 However, further guidance has since been provided by the Inspector advising that the allocations should be identified during the examination process rather than as a separate piece of work resulting in a DPD. The Council proposes that appropriate text be added to the Eden Local Plan 2014-32 explaining that the Council will prepare a separate Development Plan Document (DPD) to allocate land for both housing and employment in the Key Hubs.
- 1.14 It has not been possible for the Council to identify sites suitable for allocation since the conclusion of the July hearings, and as such we have taken the view that this would appear to be the most appropriate way forward this work will need to take place during Autumn 2016.

2. Purpose of this Document

- 2.1 The purpose of this document is to establish a clear and robust methodology for the distribution of housing development across a revised list of Key Hubs (now proposed to be just 12 instead of 28).
- 2.2 As discussed in Section 1 of this paper, the Council took the decision prior to the publication of its Submission Draft Local Plan not to allocate housing sites in the Key Hubs, but instead to allow development to come forward through Neighbourhood Plans and Planning Applications. The Inspector raised a number of concerns with this approach which this paper will seek to address.
- 2.3 The Council recognises that allocating housing sites in the Key Hubs would be a significant task, which may affect the ability of Neighbourhood Plans to influence development in their locality.

~~2.4 — The Council considers the most pragmatic approach to be to allocate a minimum number of new homes to each of the Key Hubs at this stage with a commitment to prepare a DPD to allocate land for housing in the key Hubs (without a Neighbourhood Plan).~~

2.52.4 This paper will consider a range of different methodologies designed to distribute housing and apportion a minimum target to each key hub based on a set of criteria or specific policy led approach.

3. How to Distribute Future Development?

- 3.1 In this section of the paper we will consider a range of options for how the distribution of housing across the Key Hubs could be achieved.
- 3.2 In assessing each of the options an objective view will be taken as to whether such a proposal would be effective in meeting the Council's aims and objective detailed in the Eden Local Plan 2014-32.
- 3.3 As discussed in the Key Hubs Review Discussion Paper, High and Low Hesket are to be considered for the purposes of this strategy to be a single Key Hub rather than two, and as such will be referred to a Hesket for the remainder of this paper.

Option 1 – Even Distribution

- 3.4 The first option the Council has considered is to apply an even distribution of housing to each of the identified Key Hubs, essentially a simple division of the overall housing target (720 homes) by the number of Key Hubs now proposed (12).
- 3.5 This method would result in an even distribution of 60 new homes per Key Hub, previously this figure would have been just 26 (720 divided by 28 Key Hubs). This represents a significant increase in the amount of development taking place in each Key Hub, which should support the objectives of the Local Plan to sustain or enhance rural services.
- 3.6 The base date for the Local Plan is 1 April 2014 and as such, once existing commitments and recent completions are deducted, the graph below indicates the minimum residual housing requirement for each of the Key Hubs:

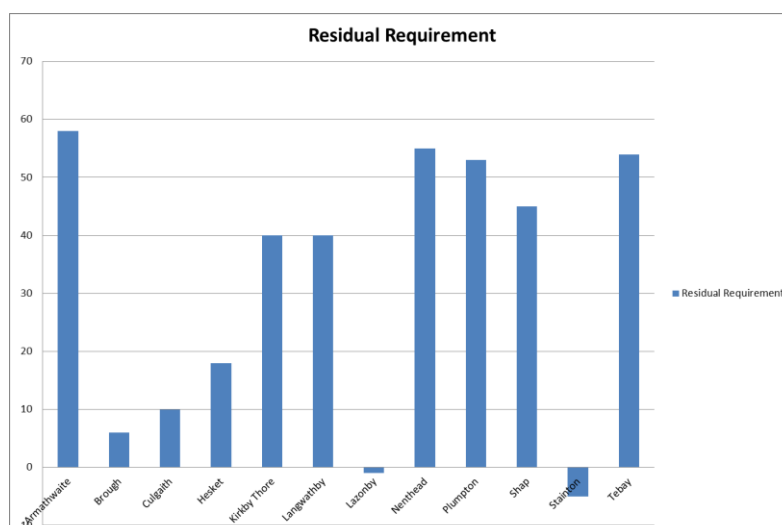


Figure 1 - Graph showing Residual Requirement of Option 1 – Even Distribution

- 3.7 The graph indicates the existence of an oversupply of housing in some of the villages when assessed against the proposed target in this approach, namely Lazonby and Stainton.
- 3.8 In contrast, villages such as Armathwaite, Nenthead or Shap are required to deliver a high proportion of the remaining allocations. It is questionable as to whether this is realistic, Armathwaite and Nenthead are two of the smallest Key Hubs, and there is limited evidence of high demand for development in these locations.
- 3.9 Shap is another location where there is no evidence of high demand, development in Shap tends to be of a small scale but would be sufficient (based on past trends) to meet the target proposed.
- 3.10 We have considered the amount of growth this approach would result in for each of the settlements, and this method would result in the following increases to the size of each village:

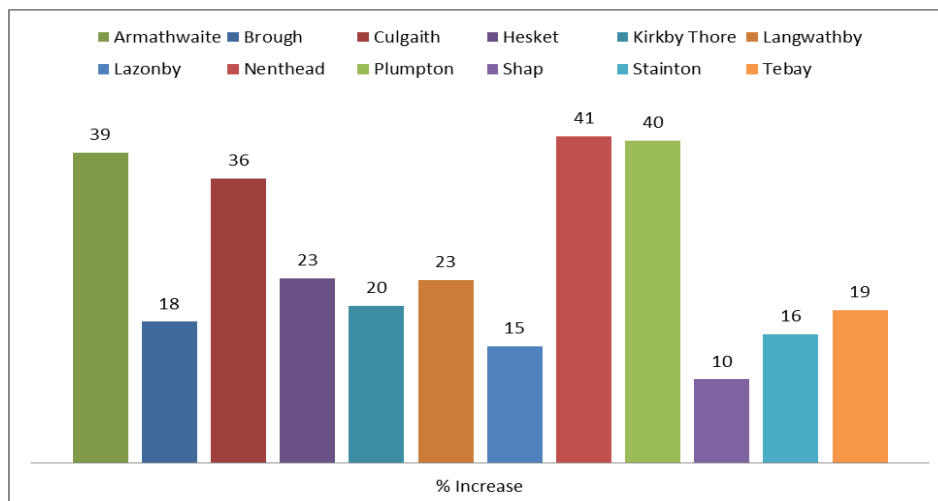


Figure 2 - % Increase to the Size of each Key Hub

- 3.11 If the above option is preferred, it would potentially place a higher burden upon the smaller villages containing around 150 properties (Nenthead, Plumpton & Armathwaite), as these villages would experience growth in the region of 40%, based on their existing size.
- 3.12 In contrast the larger villages such as Shap or Lazonby would see growth of around 10% to 15%. This creates an obvious imbalance between the levels of growth experienced in each of the villages.
- 3.13 An even distribution of housing, it could be argued is a fair approach, treating all key hubs equally through equal distribution of new housing stock. However, it fails to bear any correlation to the size of the village or the services contained

within the villages itself and the level of new housing development necessary to support or even enhance these services.

- 3.14 Whilst this approach would provide clarity and some degree of certainty with regards to the amount of development proposed in each Key Hub, this could be argued of any approach.
- 3.15 This approach could be considered to be overly simplistic and as such not the most appropriate approach. Whilst it could be argued that by re-evaluating the list of Key Hubs we have produced a list of Key Hubs which are more similar in their size and form, an equal division of housing would fail to acknowledge the individual characteristics of the settlements concerned.
- 3.16 This approach also fails to take into account the availability and achievability of housing land within the settlements, factors which could undermine the delivery of the Local Plan housing target.
- 3.17 It is not considered that this approach would support the objectives contained within the Eden Local Plan, and as such this approach is not at this stage considered to be suitable for further consideration.

Option 2 - % increase based upon size of existing village

3.18 This option will consider an equal proportion split between each of the settlements.

3.19 There are numerous ways such an approach could be applied, however, this particular approach looks at the existing size of each village and identifies a housing number based on the proportion of the overall housing stock in the Key Hubs.

3.20 The table below identifies how this method has been calculated:

Settlement	Settlement Size	% of Properties	Allocation	% Increase
Armathwaite	155	4	32	20.8
Brough	340	10	71	20.8
Culgaith	169	5	35	20.8
Hesket	260	8	54	20.8
Kirkby Thore	306	9	64	20.8
Langwathby	263	8	55	20.8
Lazonby	411	12	85	20.8
Nenthead	147	4	31	20.8
Plumpton	149	4	31	20.8
Shap	575	17	120	20.8
Stainton	374	11	78	20.8
Tebay	314	9	65	20.8
	3463	100	720	

Table 1 - Calculation of a % increase based on settlement size

3.21 As you can see, Shap contains 17% of the overall housing stock within the Key Hubs, significantly more than many of the other villages.

3.22 The graph below indicates the target for each Key Hub based on this approach:

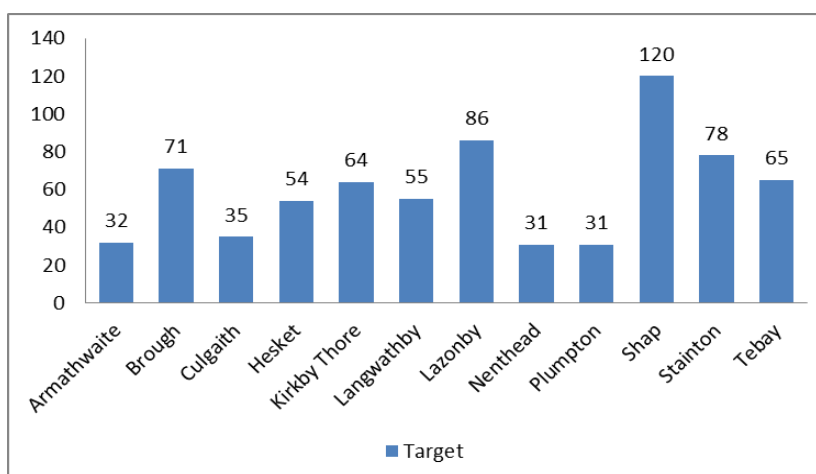


Figure 3 – Target for each Key Hub based on Option 2 - % increase based on size of settlement

- 3.23 This approach results in is an equal percentage increase for each settlement when considered against its existing size; this percentage increase is roughly 21%, but produces an individual housing requirements ranging from 120 units (Shap) to 31 units (Nenthead or Plumpton).
- 3.24 When existing completions and commitments are deducted, each Key Hub is left with the following residual housing requirement:

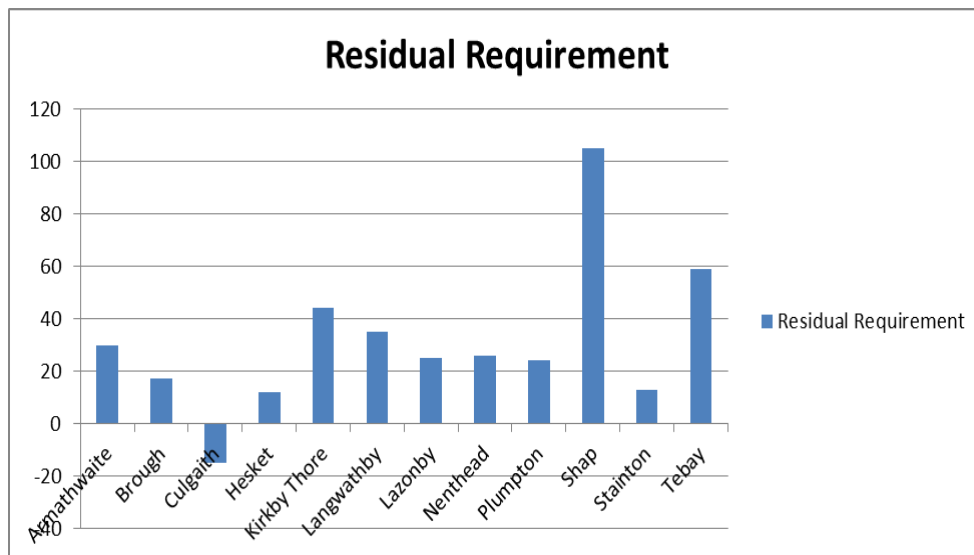


Figure 4 - Residual Requirement for each Key Hub based on Option 2

- 3.25 Once again, this approach results in the existence of an oversupply within certain settlements, in this particular case, Culgaith.
- 3.26 This approach also leaves the village of Shap with a significantly greater number of housing units to provide in the remaining 16 years of the plan period and there is some market uncertainty as to whether this could be achievable.
- 3.27 This approach directly links the supply of housing to the size of each settlement, making the assumption that each settlement could accommodate an equal amount of growth (% increase from their existing size), but that not all settlements could or should accommodate the same number of dwellings.
- 3.28 The residual requirement for each settlement, notwithstanding rates of past delivery is considered to be more appropriate in terms of scale.
- 3.29 Whilst this might seem logical, this approach is not without its pitfalls, in that it is once against based on numbers rather than characteristics or land availability, but nevertheless provides useful parameters in the establishment of distribution targets.

3.30 On balance, we consider there to be merit in this approach, however, perhaps not to be used in isolation from other considerations. Nevertheless, we consider that further exploration of this approach would be appropriate.

Option 3 – Past Trends Led Approach

3.31 In this option, we consider how evidence of past housing delivery could be used to identify future housing growth. Past trend based approaches are commonly use in projecting housing delivery, particularly in calculating windfall allowances.

3.32 Past completion trends demonstrate strong levels of delivery in the villages, significantly above the 20% target included within the Core Strategy, this was one of the concerns raised by the Inspector.

3.33 The table below outlines the completion rates in each of the Key Hubs since April 2003:

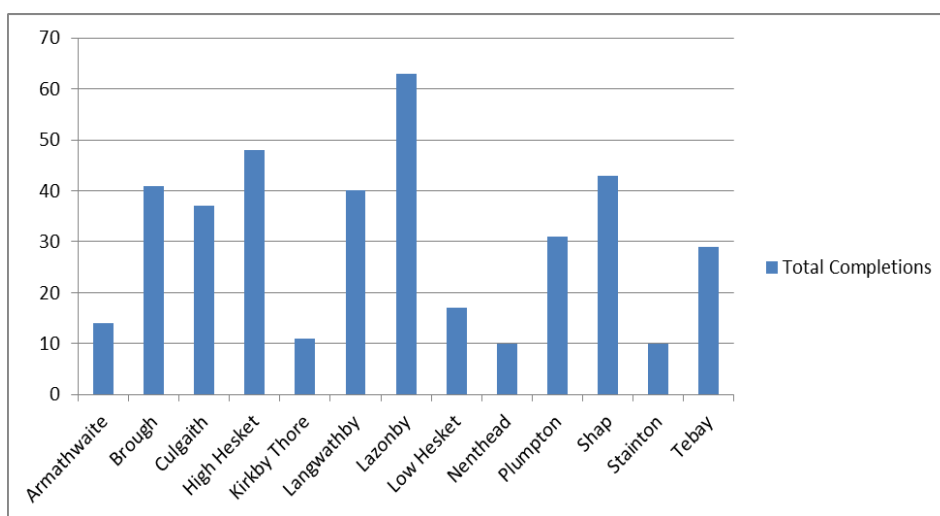


Figure 5 - Completion Rates in the Key Hubs (April 2003-March 2016)

3.34 Using these figures to distribute future housing supply would result in the following scenario:

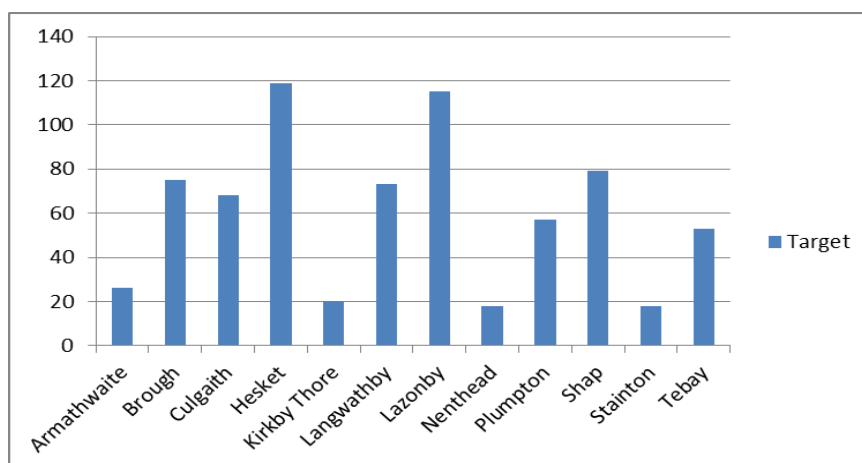


Figure 6 - Target for each Key Hub based on Option 3 - Past Trends

- 3.35 The implementation of this strategy would only serve to focus significant amounts of new housing growth in the very same settlements that have recently delivered large amounts of new housing, i.e. Lazonby.
- 3.36 The graph below provides the residual requirement for each Key Hub:

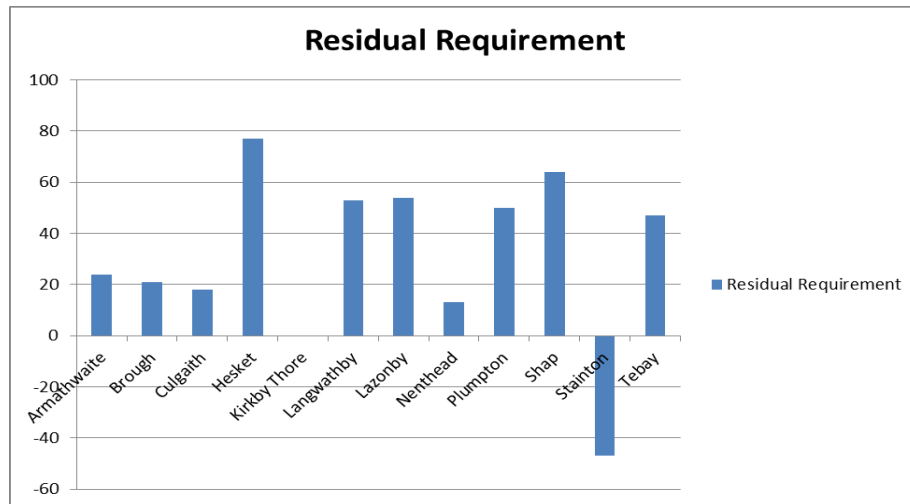


Figure 7 - Residual Requirement for each Key Hub based on Option 3 - Past Trends

- 3.37 Of particular note, this approach produces a target of just 20 new homes for the village of Stainton, which already has a committed supply of 65, resulting in an oversupply of some 45 units.
- 3.38 As is demonstrated in the above chart, settlements which have been delivering housing completions such as Hesket are required to deliver the largest amount of new housing, where as settlements which have delivered very few completions in recent years, such as Stainton are left with an oversupply of housing.
- 3.39 If we rely on a purely past trends based approach, we would largely disregard existing commitments and areas of known market interest in favour of areas which have experienced development in recent years.
- 3.40 Demand for housing development is rarely a constant feature, there are always going to be peaks and troughs, especially in rural settlements.
- 3.41 The significant disadvantage of this approach is its failure to take into account future development patterns or trends and serves only to reinforce past trends. Considering past delivery which is undoubtedly an important factor, it only represents a snapshot in time. For example, the base date of the adopted Core Strategy is 2003, meaning that our housing trends take into

account a 13 year period, which includes both a significant period of recession and a significant period when the housing market was booming.

Windfall Analysis

- 3.42 The Inspectors letter suggested that the absence of allocations could possibly be justified by evidence that the housing requirement could be met through windfall development, we therefore consider it to be appropriate to establish whether this is the case.
- 3.43 In recent years windfall development has been high across Eden, not just in the Key Hubs and whilst we expect that to change with the adoption of the Local Plan and the recent publication of the Land Availability Assessment, in a rural area such as Eden we expect windfall development to continue to make a significant contribution to future housing growth.
- 3.44 The Council's Housing Land Supply Statement, published in July 2016, identifies that windfall development in Eden in the past five years has accounted for 58.15% of all development.
- 3.45 Looking more specifically at the proposed Key Hubs, the following graph demonstrates the level of windfall completions experienced in these locations:

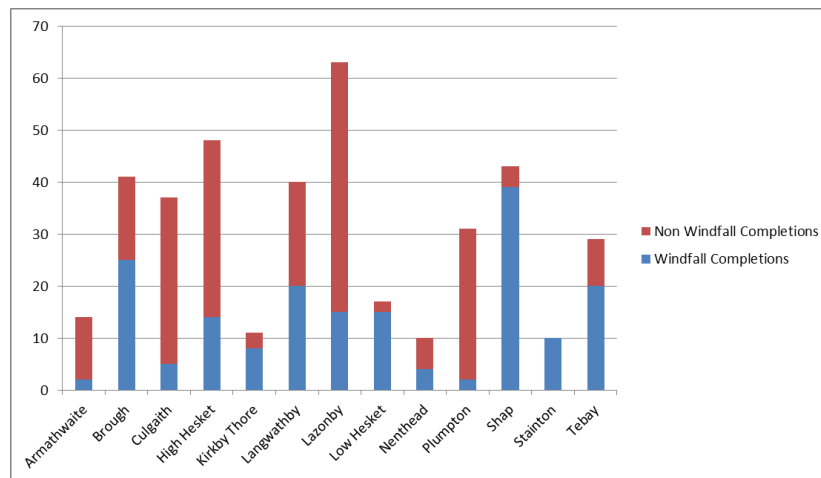


Figure 8 - Windfall Completions in the Key Hubs

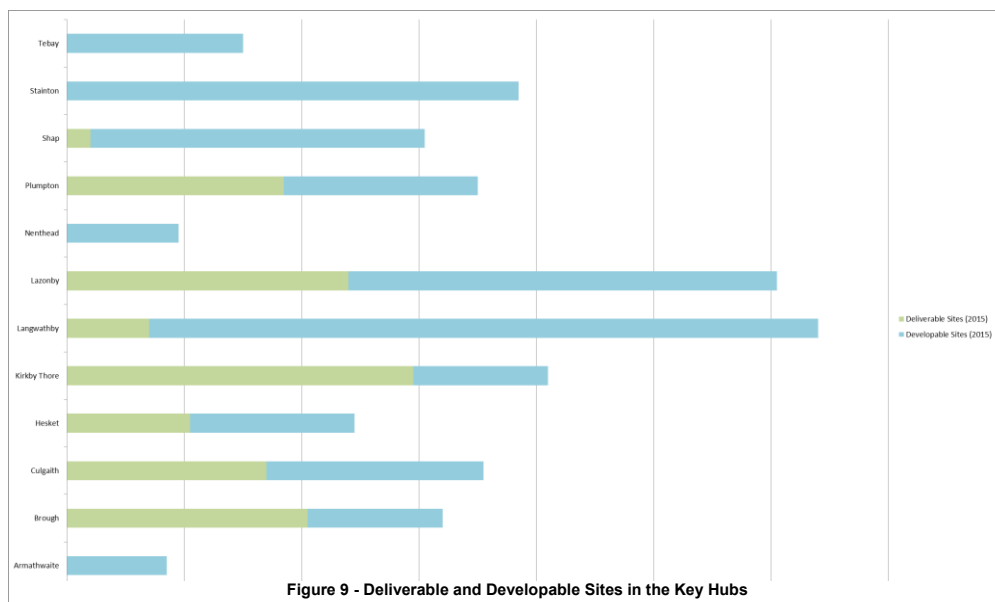
- 3.46 On average, 50.7% of all completions in the Key Hubs have been delivered on windfall sites.
- 3.47 The above graph indicates that windfall development in the proposed Key Hubs varies from settlement to settlement, for example settlements such as Brough, Shap or Tebay have strong windfall delivery trends, where as Lazonby, Plumpton and High Hesket do not.

- 3.48 On this basis, we conclude that relying on windfall development alone will not necessarily deliver the housing requirements set out in the Local Plan. However, it may be the case that windfall delivery in combination with other factors such as land identified in the LAA could deliver the Local Plan housing requirement. Typically, 30% of housing completions in the identified Key Hubs have been delivered on small sites¹, we would expect this trend to continue.
- 3.49 This assessment of windfall trends in the proposed Key Hubs, supports our intention to identify development parameters for the Key Hubs to ensure that the Local Plan is deliverable. Also, by doing so we will be able to influence development to ensure that the right amount of development is taking place in the right locations, something which the current Core Strategy has struggled to achieve.
- 3.50 However, it also suggests that in order to effectively deliver development in the right place then it will be necessary to allocate housing land for housing in the Key Hubs.

¹ Less than 4 units

Option 4 – LAA Led Approach

3.51 The Land Availability Assessment, first published in July 2015 considered a range of sites in each of the proposed Key Hubs. The graph below shows the location and amount of supply across the Key Hubs².



3.52 The LAA identifies over 30% of the total housing supply as being located in just two of our villages, Lazonby and Langwathby. Both of these villages are in the process of producing Neighbourhood Plans, which may influence future housing delivery.

3.53 When you consider the relationship between the target (established using the LAA) and the residual requirement, it becomes apparent where areas of concern arises.

² Due to the base date of the Land Availability Assessment being April 2014, these sites will include some recently developed sites i.e. Story Homes at Lazonby.

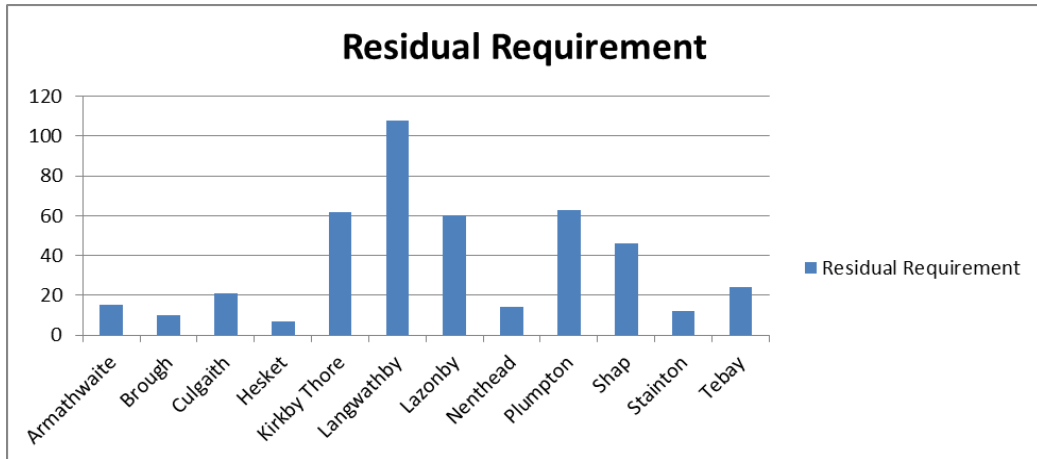


Figure 10 - Residual Requirement based on Option 4

3.54 In many cases, the remaining residual requirement is relatively low in comparison to the target, however, in the case of Langwathby, the target is high and existing commitments are low, resulting in a residual requirement of in excess of 100 units, this is significantly greater than any other settlement. Langwathby are currently preparing their own Neighbourhood Plan which includes a strategy for the delivery of housing and a site allocation.

4. Comparison of All Options

4.1 The table below compares the respective targets from each option would produce, interestingly for a settlement such as Brough & Church Brough, the allocation remains broadly the same regardless of the methodology applied, where as other settlements experience a significant peak when a particular methodology is applied. For example, Option 3 (past delivery) causes a huge increase for Hesket, Option 2 produces a significant increase for Shap and Option 4 produces significant increases for the villages of Lazonby and Langwathby.

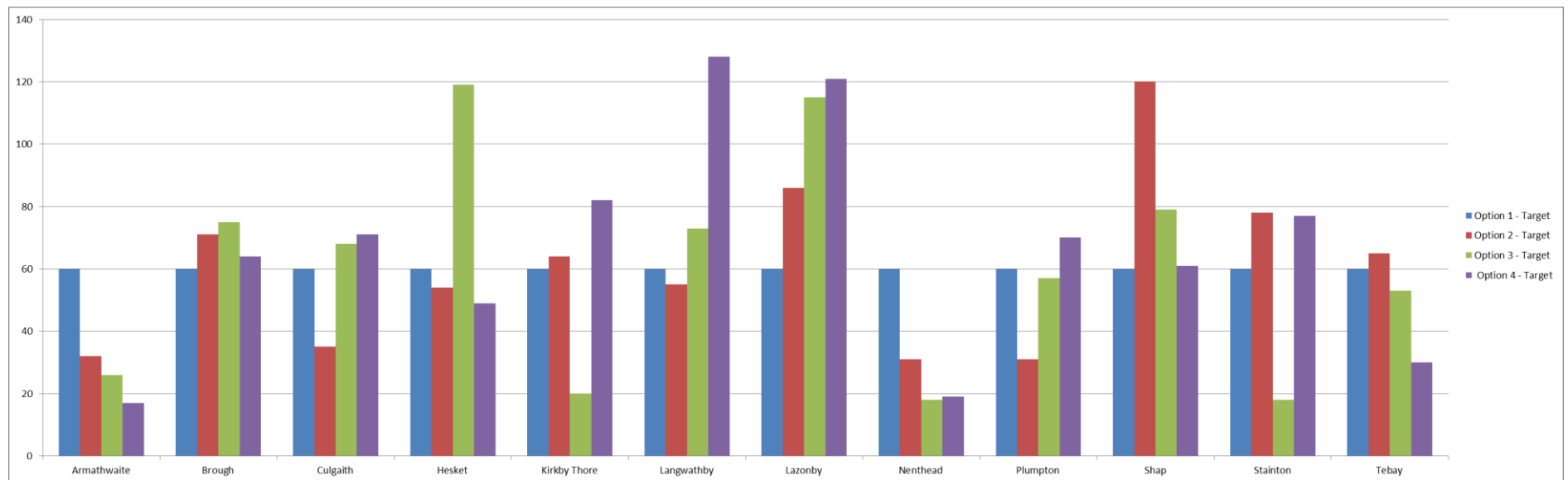


Figure 11 - Comparison of each of the Options

4.2 In considering our approach, we will have regard to the availability of sites suitable for housing development in each of the Key Hubs, market demand for housing in each of the Key Hub locations and the amount of housing growth each settlement

could reasonable accommodate, factoring the existing size of the settlement and any recent development which has taken place.

4.3 Section 5 of this paper will further explain how the Council intends to apply this approach and the potential outcomes it would deliver.

5. Our Preferred Option

5.1 This section of this discussion paper will set out the Council's preferred approach to distributing housing development across the revised list of Key Hubs.

Starting Point

5.2 We have decided to use the targets arrived at by using the approach outlined in Option 2 as our starting point for establishing a target in each of the Key Hubs. Please refer to the table below for the target figures:

Settlement	Target
Armathwaite	32
Brough	71
Culgaith	35
Hesket	54
Kirkby Thore	64
Langwathby	55
Lazonby	86
Nenthead	31
Plumpton	31
Shap	120
Stainton	78
Tebay	65
TOTAL	722

Factors to Consider – Land Availability

5.3 After initial analysis of the appropriateness of each of these targets, some concern is raised regarding the availability of land to meet this target in some of the settlements.

5.4 we have identified that the following settlements currently have an insufficient number of deliverable or developable sites to meet the above target, these are:

- Armathwaite
- Nenthead
- Shap
- Tebay

- 5.5 There are two options available to us in order to address this, the first of these is that we could seek to identify additional sites in these locations and the second would be to re-distribute the remaining housing target to other settlements which have more available land suitable for the development of housing.
- 5.6 Each of the settlements has lesser market demand than some of the other Key Hubs, and as such past delivery rates have tended to be lower.
- 5.7 On balance, the Council's preferred option in this case is to re-distribute the remaining target into other settlements which would result in the following targets:

Settlement	Target
Armathwaite	19
Brough	91
Culgaith	45
Hesket	64
Kirkby Thore	74
Langwathby	65
Lazonby	96
Nenthead	24
Plumpton	41
Shap	76
Stainton	88
Tebay	36
TOTAL	719

- 5.7 The re-distribution of housing is applied evenly to all of the other settlements, but only accounts for an increase of around 10 dwellings per Key Hub.

Factors to Consider – Windfall Allowance

- 5.8 As previously discussed during our analysis of Option 3 (Past Trends), the existence of windfall development is significant not just in our Key Hubs but across the district as a whole. We therefore consider it to be appropriate to factor in a windfall allowance to the distribution target for each of the Key Hubs.
- 5.9 Based on average (past trend led) windfall figures, we would suggest a windfall allowance of 30% for the Key Hubs, this will be applied evenly to each of the identified settlements. This figure is below past trends, but represents the likelihood of small (under 4) and unidentified sites coming forward in the Key Hubs.

5.10 The table below indicates the residual requirement for each settlement once the windfall allowance has been deducted:

Settlement	Target	Windfall Allowance	Left to Allocate
Armathwaite	19	6	13
Brough	91	27	64
Culgaith	45	14	32
Hesket	64	19	45
Kirkby Thore	74	22	52
Langwathby	65	20	46
Lazonby	96	29	67
Nenthead	24	7	17
Plumpton	41	12	29
Shap	76	23	53
Stainton	88	26	62
Tebay	36	11	25
TOTAL	719	216	503

Establishing our Target

5.11 The graph below represents that each Key Hub is capable of meeting its housing target once all factors have been considered.

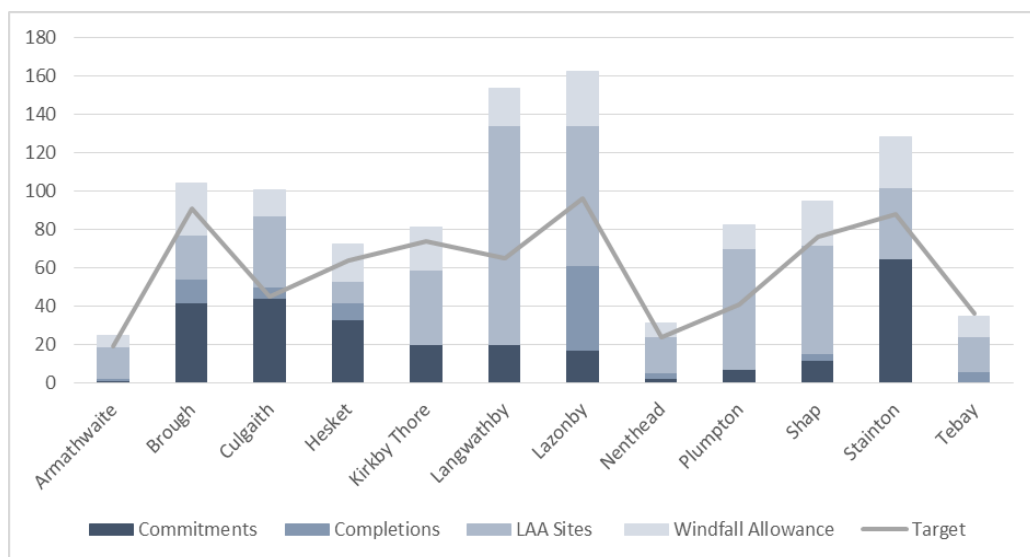


Figure 12 - Analysis of each Key Hub's ability to meet their target

5.12 The Council considers this approach to be robust, it is based on a combination of factors and there is evidence that the proposed strategy would be deliverable.

6. Conclusions

- 6.1 This paper proposes a distribution strategy for the delivery of housing across the Key Hubs to support Policy LS2 of the Eden Local Plan 2014-32.
- 6.2 We have considered a variety of different options before concluding that the most appropriate approach is to use Option 2 as a starting point and apply various factors to ensure the targets are achievable within the local context.
- 6.3 We have sought to reduce housing requirements in locations where there is a reduced demand for new housing in turn boosting supply in settlements where there is strong market demand. However, this is an exercise of balance as the Council is keen to promote development in those locations which have in the past or are currently experiencing reduced demand for housing.
- 6.4 As outlined above, we are confident that the strategy proposed is supportive of the objectives of the Local Plan which seek to allow “small-scale development to help sustain services”³ and will significantly boost the supply of housing in these locations.
- 6.5 The Council will ~~prepare a DPD~~undertake further work -allocate to allocating specific sites in all Key Hubs without a Neighbourhood Plan area designation which could ~~allocates~~ land to provide developer certainty and demonstrate the deliverability of the housing targets proposed for each settlement. Work on this ~~document~~ is expected to commence ~~in 2017~~in September 2016.

³ Paragraph 3.19.1 – Eden Local Plan 2014-32 Submission Draft