

Sent by email to: planningpolicy@fareham.gov.uk

17/12/2020

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the Fareham Local Plan

1. Thank you for consulting the Home Builders Federation (HBF) on the Fareham Local Plan. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

We would like to submit the following representations on the Local Plan, and we would welcome, in due course, participating in hearings of the Examination in Public.

Duty to Co-operate

2. We note that the Council is part of the Partnership for South Hampshire and has worked closely with these authorities in determining housing needs and examining opportunities as to how these needs could be addressed. The Local Plan outlines at paragraph 4.4 that there are likely to be significant unmet needs arising in Portsmouth and in response to this the Council has identified a further 847 homes to meet needs. Whilst this increase is welcomed, we are concerned that it does not seem to reflect the scale of the unmet needs identified by the Partnership for South Hampshire (PfSH) of over 10,000 homes. So, whilst the Council appears to have co-operated with its neighbours on the issue of housing needs, we are concerned that its contribution is insufficient when considered against the scale of the issue at hand. It would also be the case that this contribution has been made solely as a result of the Council using the standard method as proposed in the most recent Government consultation, and which to date has not been adopted, that significantly reduces the minimum number of homes to be planned for in Fareham. So whilst it would appear that the Council has co-operated with its neighbours in relation to the legal requirements set out in the Localism Act, the outcomes of that co-operation are insufficient to address the cross boundary issue that has been identified – an issue we will come to in relation to policy H1.



Policy H1 - Housing Provision

This policy is unsound as it is inconsistent with national policy

Housing needs

3. The Council are clearly aware that the housing requirement within the policy H1 is inconsistent with national policy as it is based on a standard method that has not been adopted by the Government. Whilst we recognise the Government were out to consultation on an alternative approach it was by no means certain that it would be adopted. The uncertainty as to the standard method has now been addressed with the Government publishing its latest Planning Practice Guidance which states at 2a-004 that the Government has retained the 2014-based household projections as the baseline estimates for household growth within the standard method.
4. The application of the standard method as set out in the most up to date guidance would require the Council to deliver 514 new homes each year. As such the 403 dwellings per annum local housing needs assessment is not consistent with planning policy as it currently stands. We hope a similar degree of haste will be taken in adopting this figure as was taken in moving forward with the lower assessment of needs in Fareham. In addition to this issue, we have three further concerns with regard to policy H1, which are:
 - The policy does not include the Council minimum required level of housing delivery;
 - The degree to which unmet needs in neighbouring areas has been taken into account;
 - Whether economic growth aspiration for the south Hampshire area will be supported to proposed levels of housing delivery; and
 - Plan period and past under delivery.

The housing requirement

5. Policy H1 does not set out the minimum number of homes the Council is required to deliver. Rather it sets out the number of homes that are expected to be delivered by the local plan. It is important that the Council sets out in H1 the minimum number of homes it is required to deliver in order to monitor its performance in meeting this requirement with regard to both the five year housing land supply and the housing delivery test. As set out in table 4.1 of the local plan this figure should be the local housing need figure plus any unmet needs within a neighbouring area that the Council has agreed to take.

Unmet needs

6. Paragraph 60 of the NPPF states that “*any needs that cannot be met within neighbouring areas should also be taken into account when establishing the amount of housing to be planned for*”. As we note above the Council has, to some

extent, taken account of unmet needs across the south Hampshire sub-region and in response has stated that it will provide a further 847 homes. However, this is a very modest contribution to what is a very high level of unmet needs in the south of Hampshire. The Council state in paragraph 4.4 of the local plan that, based on the current standard method, unmet needs across the sub region of South Hampshire are in the region of 10,750 dwellings. Whilst we recognise that this will change with regard to the amended standard method and as new plans come forward it is unlikely to reduce substantially given that Boroughs such as Portsmouth, Havant, Gosport and Southampton have tight boundaries which will limit any scope for significant increases in provision. Considering the scale of the unmet needs Fareham's decision to contribute just 847 homes to the current shortfall is insufficient.

7. What is evident from the consultation on the Local Plan 2036 supplement was that the Council clearly considered it possible to deliver well above what is being proposed in the published Local Plan 2037. For example, paragraph 3.5 of the supplement to the Local Plan 2036 outlines an annual housing requirement for the Borough of between 572 and 598 homes per annum between 2020 and 2036. This annual rate of delivery would deliver between 9,000 and 9,500 homes over 16 years. It goes on to identify potential sites that could be allocated to support this higher level of delivery.
8. However, the Council has not considered as part of the preparation of the published Local Plan 2037 whether more could have been done to address unmet needs of other areas. In particular we would have expected a higher level of delivery beyond what is proposed in the published local plan to have been considered within the Sustainability Appraisal. However, this issue of unmet needs and increased delivery beyond what is being proposed in policy H1 is not mentioned in the SA published in November 2020 as part of this consultation. As such the Council cannot say whether or not a higher level of housing delivery, which would have done more to address unmet needs across the sub region was a more sustainable approach compared to the chosen strategy. This is not only a concern regarding the soundness of the Council's approach to unmet needs but also the efficacy of the SA that has been prepared to support this local plan.

Growth strategies

9. Paragraph 2a-010 of Planning Practice Guidance (PPG) outlines that there will be circumstances where it is appropriate to plan for a higher housing figure than that identified through the standard method. One of these is where an authority has agreed to take on the unmet needs of another area as discussed above however other situations are identified where housing need may exceed past trends. These include:
 - Deliverable growth strategies
 - Strategic infrastructure improvements likely to drive an increase in homes

10. The Council is clearly committed to economic growth as stated at paragraph 6.1 of the publication local plan but notes at paragraph 6.7 of the Local Plan 2037 that whilst PfSH is committed to reviewing employment requirements published to support the spatial position statement this will not be intime to support this local plan. Due to the absence of this sub regional assessment of employment growth the Council have undertaken its own assessment of the likely increase in jobs over the plan period. The Business Needs, Site Assessment and Employment Land Study (BNSAELS) states at paragraph 6.23 that between 2018 and 2036 it is estimated that a further 4,600 jobs will be created in Fareham. This equates to annual growth in employment from the current baseline of 48,000 jobs of about 0.5% per annum (pa) which is lower than the 0.8% pa jobs growth forecast in the PfSH SHMA update published 2016¹. This higher level of growth would see the number of jobs in the Borough grow by around 6,900 over the same period as that assessed in BNSAELS. However, no detail has been provided by the Council as to whether the level of housing delivery within Fareham will meet these employment growth expectations let alone whether the wider jobs growth expectations of the sub region will be met.
11. The Strategic Housing Market Assessment published by PfSH in 2016 indicated that between 2011 and 2030 that 4,630 homes were needed each year between 2011 and 2030 to support the expectation that there would be 86,300 additional jobs across South Hampshire. However, housing delivery during this period as set out in Table H1 of the Spatial Position Statement indicates growth of around 4,536. Whilst the shortfall is relatively small across the whole sub region, given that the Council have noted at paragraph 4.5 that both Portsmouth and Gosport will struggle to meet their needs going forward it will be important, prior to submission, for the Council to consider with its partners in the PfSH whether sufficient housing will be provided to support these sub regional growth expectations, or whether further allocations are needed in relatively less constrained areas such as Fareham.
12. If insufficient housing is provided in sub-region, we are also concerned that higher levels of in-commuting will be required in order to support the expected levels of employment growth. This would be inconsistent with paragraphs 102 and 103 of the NPPF which require Council's to consider how they can deliver patterns of growth that seek to limit the need to travel. This is an issue that will also need to be considered by the Council and its neighbours prior to submission of the local plan.

Plan period and past under supply

13. There are also other impacts from the application of the standard method that have not been taken into account by the Council. In particular the Council have not grappled with the issue of under supply from the point at which the standard method was introduced in 2018. Planning Practice Guidance states in relation to

¹ Page 56 of the 2016 SHMA

this:

“Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process. This number should be kept under review and revised where appropriate”.

14. As the Council commenced preparation of this local plan in 2017 it is important that and the Council consider housing completions from the introduction of the standard method compared with the level of local housing need from that point. We recognise that the Standard Method takes account of backlog but only in so far as the affordability ratio will have worsened in the years prior to the calculation and does not take account of under provision since then. In these terms, the shortfall between the assessed level of housing need by reference to the Standard Method and actual completions has to be taken into account going forward.

Year	Number of completions/ projected completions	Local housing need	Shortfall
2018/2019	290	520	230
2019/2020	263 ²	520	257
2020/2021	132 ³	520	388

15. The table above indicates in the three years since the Standard Method was first published, the cumulative shortfall in housing completions is expected to be 875. No consideration is given to these unmet needs in the published plan and even if the lower figure of 403 was taken as the level of local housing need, the shortfall would be in excess of 500 new homes.
16. As housing delivery in the Borough has been below both its requirement in the Core Strategy and the measure of local housing need derived from the Standard Method the Council are wrong to have selected a plan period and housing strategy that takes no account of this. It is the antithesis of positive planning and as such we would suggest that the plan period be revised to start from 2019/20 which is the base date from which the affordability evidence is taken.

Housing land supply

17. The HBF would not wish to comment on the merits or otherwise of individual sites selected for allocation but it is critical that the Council's assumptions on lapse rates, non-implementation allowances, lead in times and delivery rates contained within its overall housing land supply, five-year housing land supply and housing trajectory are correct and realistic. These assumptions should be supported by parties responsible for the delivery of housing and sense checked by the Council using historical empirical data and local knowledge. We note that the Council has

² Fareham BC Authority Monitoring Report 2018/19 (February 2020)

³ Fareham BC Five-year housing land supply position report (June 2020)

included a housing trajectory at appendix B of the local plan as required by the NPPF. However, for the purposes of transparency and effective scrutiny of this trajectory it is necessary for the Council to set out in its evidence base trajectories for each of the sites that make up supply across the plan period. We could not find this evidence, and in our experience, it is both helpful to the inspector examining the plan as well as those making representations.

18. We note and welcome the contingency between the Council's requirement and the number of homes it expects to be delivered over the plan period. It is important that there is a significant contingency to take account of any delays in the delivery of key sites or overestimates in the amount of windfall expected in any plan to ensure that development needs are met in full. As such should the eventual standard method adopted by the Government see housing needs increase in Fareham, we would expect to see this level of contingency within the Council's land supply maintained. Similarly, the Council would probably need to allocate further sites of one hectare or less to ensure it meets the requirement set out in paragraph 64 of the NPPF.

Conclusions on H1

19. The policy is not sound as considered on the basis that:
 - It uses a standard method for assessing housing need that is still out to consultation and potentially subject to change. However, we recognise that the situation is in a state of flux at present and as such recommend the plan is not submitted until the Government have finalised any changes to the standard method;
 - It fails to take sufficient account of the scale of the unmet needs identified within neighbouring areas as required by paragraph 60 of the NPPF;
 - Does not consider whether housing growth will be sufficient to support its economic growth expectations and the impact this would have on in commuting and the need to promote sustainable patterns of growth as required by paragraph 103 of the NPPF.

HP2: New Small-Scale Development outside the Urban Areas

The policy is not sound as it is not consistent with national policy.

20. The HBF's preference would be for the Council to identify appropriate sites and allocate them within the local plan. This would provide the certainty that small developers seek with regard to bringing such sites forward. However, in lieu of allocation the overarching principle of this policy and its aim to support small and medium sized housebuilders and those seeking self-build plots is supported.
21. But we would suggest that at present the policy is not consistent with national policy as it could lead to sites not making the most efficient use of land as required by paragraph 122 of the NPPF. There will be situations where such sites on the edge of urban areas could be developed for more than 4 units without any adverse

impacts. We would therefore suggest that the threshold be increased to 10 units in order to reflect the definition of minor development as well as being consistent with the Government's approach to affordable housing contributions on small sites as set out in paragraph 63 of the NPPF.

Recommendation

22. Part 5a of policy HP2 be amended as set out below:
 - a. Of not more than 4 10 units; and

Policy HP4: Five-year housing land supply

Part d of this policy is inconsistent with the NPPF

23. The HBF supports this policy, however we would suggest that the phrase "*in the short term*" in part d is unnecessary as the meaning of deliverable with regard to local plans is clearly defined in the glossary of the NPPF. The inclusion of the phrase short term could cause unnecessary confusion for applicants and decision makers.

Recommendation

That the phrase "*in the short term*" is deleted from part d of policy HP4.

HP5 – Provision of affordable housing

The policy is unsound in its consideration of the percentage requirement for affordable home ownership and with regard to its treatment of older peoples housing which is unjustified

24. Firstly, the policy requirement regarding affordable home ownership is inconsistent with paragraph 64 of the NPPF which expects 10% of all homes on major development involving housing provision to be available for affordable home ownership. Footnote 29 then confirms that these homes are then included as part of the affordable housing contribution. For example, on a site of 100 homes paragraph 64 of the NPPF would require at least 10 homes to be available for affordable home ownership, equating to 25% of the affordable housing delivery on a greenfield site. The Council's policy at present only requires 10% of all affordable housing to be available for affordable home ownership. The Council's policy would require such development to deliver 4 homes for affordable home ownership – just 4% of total delivery on that site. This inconsistency with national policy should be amended.
25. Secondly, whilst we welcome the decision to vary rates within the Borough to reflect viability, we are concerned that despite the evidence the Council will still, seemingly, require specialist development for older people to support the delivery of affordable homes. In section 6.6 of the Viability Study it is clear that both

sheltered housing and extra care housing for older people are not viable at any level of affordable housing. It is therefore surprising that the policy has not removed the requirement for such accommodation to contribute towards the provision of affordable housing.

Recommendation

26. That policy HP5 to be amended as follows:
- To reflect paragraph 64 of the NPPF
 - To state that specialist residential accommodation for older people be exempt from providing affordable housing.

HP9 – Self and Custom Build Homes

The policy is unsound as it has not been justified

27. Whilst the HBF support the encouragement of self-build housing through the local plan, we do not consider the requirement for sites of over 40 to set aside 10% dwellings to be delivered through serviced plots for self and custom house building to be justified or consistent with national policy.
28. Firstly, the evidence with regard to the demand for, and supply of self-build plots would suggest that a significant proportion of demand for self-build in Fareham will be met through windfall sites. As the Council note in paragraph 5.8 of the Self and Custom Build Background Paper the demand for self-build plots arising within the first base period of the self-build register was addressed through windfall and it would seem that a similar result will occur within the second base period. Therefore, to suggest that 10% of all development over 40 units are required as self-build is not justified as it would seem that the Council through normal development management process is supporting sufficient plots to come forward without recourse to the impositions being proposed in policy H9. In addition, policy HP2 will also support the delivery of additional sites that will clearly be attractive to both self and custom build housing. Whilst the Council may not want to be dependent on windfall development if this approach is meeting identified demand then there is no need to require such plots to be provided on other sites.
29. Secondly, we welcome the Council's review of the self-build register. From this review it is clear that of the 79 people on the register only 56 people are actively pursuing the possibility of building their own home. In addition, only 40 of those said they would consider a plot on a larger self-build development. Even then it is not clear from these answers whether they would be looking for a plot on major housing building site or would prefer a site solely devoted to self-build plots. As such we are concerned that there is not a significant demand for plots on larger housing being developed by housebuilders and that the 10% requirement in HP9 is unjustified.

30. Finally, it is also important to recognise that paragraphs 57-024 and 57-025 of the PPG sets out a variety of approaches that need to be considered – including the use of the Council's own land. This is reiterated in para 57-14 of the PPG which sets out the need for Council's to consider how they can support the delivery of self-build plots through their housing strategy, land disposal and regeneration functions. We would suggest that rather than place additional burdens on house builders for the provision of self-build plots it should utilise its own land or seek to engage with landowners to identify suitable sites on which to deliver serviced self-build plots. Indeed, it would appear from paragraph 5.14 of the Self and Custom Build Background Paper that such an approach has worked in Fareham.

Recommendation

31. That policy HP9 is deleted.

Policy NE2: Biodiversity Net Gain

32. The Council have included the Government's suggestion that new development should improve the biodiversity on their site to show a 10% net gain over the pre-development baseline within this policy. Whilst we recognise that this is the Government's current position favoured position it is likely that there will be transition period to allow the development industry to adapt to the proposed changes. As such we would suggest that the Council remains consistent with paragraph 170 of national policy to seek net gains in biodiversity and not include the requirement to show a 10% net gain. A policy without a specific percentage requirement would be consistent with current policy and should the relevant legislation be enacted as currently proposed such a policy would be sufficiently flexible to support a 10% requirement and any transition period.

Recommendation

33. That the 10% requirement be deleted.

Policy NE8: Air Quality

The policy is unsound as it is not justified

34. The HBF is supportive of encouragement for the use of electric and hybrid vehicles via a national standardised approach implemented through the Building Regulations to ensure a consistent approach to future proofing the housing stock. It is the industry's preference for a national approach to the provision of charging points rather than local authorities setting their own standards. We consider this is necessary to allow research and development and supply chains to focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements. It is fundamentally inefficient to create a plurality of standards.

35. The Government has recognised in recent consultations the possible impact of any requirement to provide electric vehicle charging points on housing supply, where the requirements are not technically feasible. The Government's recent consultation proposed introducing exemptions for such developments. The costs of installing the cables and the charge point hardware will vary considerably based on site-specific conditions in relation to the local grid. The introduction of EVCPs in new buildings will impact on the electricity demand from these buildings especially for multi-dwelling buildings. A requirement for large numbers of EVCPs will require a larger connection to the development and will introduce a power supply requirement, which may otherwise not be needed. The level of upgrade needed is dependent on the capacity available in the local network resulting in additional costs in relation to charge point instalment.
36. Where such costs are high the Government are proposing that any potential negative impact on housing supply should be mitigated with an appropriate exemption from the charge point installation requirement based on the grid connection cost. The consultation proposes that the threshold for the exemption is set at £3,600. In the instances the additional costs are likely to make developments unviable, it is the Government's view that the EVCP requirements should not apply and only the minimum Energy Performance of Buildings Directive requirements should be applied.
37. As such we would suggest that the requirement for EVCPs should be deleted because the Government's proposed changes to Building Regulations will provide a more effective framework for the delivery of charging points for electric vehicles.

Recommendation

38. Part A of the third paragraph within policy NE8 is deleted.

D4: Water Quality and resources

The policy is unsound as it is not consistent with national policy.

39. The final sentence of policy D4 is inconsistent with paragraph 16 of the NPPF which requires policies to be unambiguous and evident as to how the decision maker should react. The policy as written could lead to applications being refused by decision makers on the basis that a development does not achieve a standard that is higher than the maximum requirement that can be applied through the adoption of the optional technical standards.

Recommendation

40. The final sentence of this policy is deleted.

D5: Internal Space standards

The policy is unsound as it has not been justified

41. Policy D5 requires development to meet national spaces standards as a minimum. Whilst the HBF share the Council desire good quality homes delivered within Fareham we also consider that space standards can, in some instances, have a negative impact upon affordability issues and reduce customer choice. In terms of choice, for example, some developers will provide entry level two, three and four-bedroom properties which may not meet the optional nationally described space standards but which would allow on lower incomes can afford a property which has their required number of bedrooms.
42. Given the poor affordability of property in the area and the tight constraints on development it is therefore important that the Council can provide, in line with PPG, robust evidence that there is a need to introduce the optional space standards – that these standards are a must have rather than a nice to have policy. However, as the Council note in paragraph 11.59 of the publication local plan most new homes in Fareham are built to a size that is consistent with the nationally described space standards. The only inconsistency they note is that the smallest bedroom often fails to meet the space standards. This evidence does not suggest that there is a pressing need for the introduction of space standard within Fareham but does indicate that requiring larger bedrooms could reduce the number of smaller homes with three or four bedrooms.
43. The HBF is not aware of any evidence that market dwellings in Fareham that do not meet the NDSS remaining unsold or that those living in these dwellings consider that their housing needs are not met. There is no evidence that the size of houses built are considered inappropriate by purchasers or dwellings that do not meet the NDSS are selling less well in comparison with other dwellings. The HBF in partnership with National House Building Council (NHBC) undertake an annual independently verified National New Homes Customer Satisfaction Survey. The 2019 Survey demonstrates that 91% of new home buyers would purchase a new build home again and 89% would recommend their housebuilder to a friend. The results also conclude that 93% of respondents were happy with the internal design of their new home, which does not suggest that significant numbers of new home buyers are looking for different layouts or house sizes to that currently built.
44. Given that there is little to suggest that development below space standards is an endemic concern within Fareham we would suggest that policy D5 is deleted from the plan. This would give the Council greater flexibility to maximise the number of sites that are developable as well as extending consumer choice to more households.

Conclusion

45. At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 35 of the NPPF, for the following reasons:

- Failure to give sufficient consideration to the housing needs of neighbouring areas and the consequences on the delivery of sustainable development across south Hampshire;
- Housing needs have not been assessed in accordance with standard methodology as set out in PPG;
- Policy H2 inconsistent with national policy with regard to making the most effective use of land;
- Policy HP5 fails to include exemption for older people's housing in line with the Council's viability evidence;
- Requirement for 10% of plots on sites over 40 units be allocated for self-builders is unjustified;
- The adoption of the nationally described space standards in policy D5 has not been adequately justified.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully



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