

Sent by email to: LPU@Wokingham.gov.uk

20/01/2022

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on Revised Growth Strategy for the Local Plan Update

1. Thank you for consulting the Home Builders Federation (HBF) on the revised growth strategy (RGS). 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.
2. The RGS sets out the development needs for the Borough and how it intends to meet those needs. Whilst the HBF cannot comment on the proposed allocations set out in the consultation document we have some concerns with regard to the plan period, housing needs and the overall supply of land for housing development. These concerns are set out below.

Plan period

3. The Council are proposing to use a plan period that runs from 2018/19 to 2027/38. On the basis of the approach proposed by the Council in paragraph 4.3 this results in a housing need of 15,513 new dwellings. We have two concerns with regard to the plan period. The first is that the plan will not, as is required by paragraph 22 of the National Planning Policy Framework (NPPF), look ahead over a minimum of 15 years from adoption. The Council expect to submit the plan for examination at the end of 2022. Even with a rapid examination resulting in the Council receiving the inspector's report 12 months following submission the plan will not be adopted until 2024 at the earliest. This will mean that on adoption the plan will only look ahead 14 years. Therefore, in order for the plan to be consistent with national policy it should be extended by a minimum of a single year to end in 2038/39. However, to provide certainty given our experience as to the uncertainty of plan preparation and examination we would suggest that the plan period be extended to 2039/40.
4. Secondly the plan period commences in 2018/19, four years prior to submission. However, what is not explained by the Council is why they consider it necessary



for the plan period to include these years prior to the plan being submitted. The only reason that seems apparent from the consultation document is that the Council has seen and expects to see delivery at high levels during this period and is seeking to bolster overall supply. The HBF does not consider the approach taken by the Council to be consistent with national policy and the application of the standard method. Planning Practice Guidance establishes at paragraph 2a-011 that the standard method takes account previous levels of supply through the use of the affordability ratio. Therefore, logic would dictate that the starting point for the plan period would be the first year for the ten-year period used in the standard method and which also relates to the most recent data regarding housing affordability. Based on the Council's current assessment of need that would be 2021/22. For a plan being published in mid-2022 and submitted at the end of that year, this would be the 2022/23 using the affordability data published in March 2022 by the ONS.

5. On the basis of the above considerations the HBF consider the proposed plan period to be unsound. In order to ensure the plan period is consistent with national policy it will need to be amended.

Housing needs

6. The HBF would agree with the Council's assessment that using the standard method with a base period of 2021 to 2031 results in a housing requirement of 768 dwellings per annum (dpa). However, what is not clear from the Council's current evidence base is whether they have accurately assessed whether there are any unmet needs in neighbouring areas that the Council should consider in line with paragraph 61 of the NPPF. For example, table 1 of the Council's duty to cooperate statement sets out that there are no unmet needs in London and as such no consideration is given to the capital's unmet needs in the interim Sustainability Appraisal (SA). However, it is a stated fact that the recently adopted London Plan will not meet identified housing needs.
7. Over the next ten years there is projected to be a shortfall of 14,000 homes per annum in the capital that resulted from the over assessment of delivery from small sites and the subsequent amendments by the Panel examining the London Plan. Whilst the mayor intends to produce a revised London Plan before the termination date of the new London Plan with revised targets, the constraints on the capital will continue to make it very difficult for the city's needs to be met in full and it will be important for areas that are easily accessible to London, such as Wokingham, to consider how it could increase its own housing supply to address some of these unmet needs.
8. One of the key issues arising from the examination of the London Plan was the difficulty in reaching any form of agreement with regard to the potential redistribution of unmet housing needs from the capital given the lack of regional co-ordination. The Mayor of London was looking for willing partners but without any strategic planning bodies at a higher spatial level these requests were ignored

by the rest of the wider south east. The Mayor of London cannot force others to address the capital's unmet housing needs, it is therefore the responsibility of Councils in the wider south east, such as Wokingham, to give proper consideration as to the impact of London's housing needs not being met and how they may assist in addressing this strategic matter.

Housing delivery

9. The Council expect this plan to deliver a total of 18,567¹ additional homes over the plan period of 2018/19 to 2037/38. However, as stated above we do not consider the proposed plan period to be consistent with national policy and guidance and as such unsound. Using actual and expected delivery between 2018/19 and 2021/22 from the Council's most recent five-year housing land supply statement and assuming delivery in 2038/39 from windfall and Hall Farm/Loddon Valley Strategic Development location of around 400 additional homes we estimate that between 2022/23 and 2038/39 to be in the region of 13,550 homes. Whilst this is in excess of the estimated housing requirement for this period a buffer of just 732 homes, around 5% above their requirement, does not provide sufficient flexibility in overall supply should there be delays in the delivery those sites expected to come forward later in the plan period.
10. Therefore, in order to ensure that the plan is deliverable over its lifetime we would recommend that further land be identified and allocated to deliver at least a 20% buffer between needs and supply. Indeed, this degree of buffer is supported in the interim SA which states that a healthy supply buffer is necessary in order to take account of delivery risks. For scenario 8, which reflects the Council's preferred approach, this buffer is 19%. It is therefore necessary when amending the plan period for the Council to maintain a similar level of buffer.
11. With regard to the evidence on housing supply the HBF would suggest that the expected number of homes to come forward is clearly set out in the housing trajectory at appendix K. Without the actual number of homes expected to come forward the bar chart provides insufficient clarity as to expected delivery of the plan period. In addition, it would be helpful that on submission the Council includes in its evidence a table indicating when each site that form the Council's housing supply is expected to come forward. This level of detail is necessary to ensure that those commenting on the plan can assess the accuracy of the Council's five-year housing land supply and the overall deliverability of the delivery expectations across the plan period.
12. With regard to windfall development the Council should set out delivery rates for each of the years within the period considered. There may be higher delivery in the early part of this period which could mask lower delivery in more recent years.

¹ Based on Table 1, 2, 3 and 4 in the Revised Growth Strategy consultation document.

Setting out the annual rates of windfall would provide a more robust justification for the Council's position.

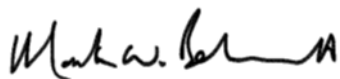
Viability

13. The Council note in their Viability Position Paper that they have not yet prepared the whole plan viability assessment. As the HBF has stated in our representations to previous consultations on this local plan it will be important that the costs of development are properly considered by the Council and that policies respond to these costs. In addition to previous comments made with regard to policy costs it will be important that the Council take account of changes in national policy relating to First Homes. The majority of viability assessments supporting local plans assess development viability on the basis that these homes are defined as being an affordable home. Whilst we would not disagree with this classification it is important to note that such homes are not traditional affordable housing products, they are homes sold by the developer below market value.
14. As such the risk of development, and in turn the profit margin on first homes, should reflect those for market housing not affordable housing where profit margin is set at around 6%. This is because in providing an affordable unit the developer is in effect acting as the contractor with the sale of these homes to a registered provider agreed beforehand. The risk is lower as are other associated costs relating to marketing etc. However, for a low-cost market house the developer must sell these homes on the open market and provide the same level of marketing as it would for any other market home and, as such, should not be treated in the same way as an affordable house in the viability assessment.

Conclusion

15. We hope these representations are of assistance in taking the plan forward. Should you require any further clarification on the issues raised in our comments please contact me.

Yours faithfully



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