

Sent by email to: haveyoursay@swhertsplan.com

04/11/2022

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the South West Hertfordshire Joint Strategic Plan.

1. Thank you for consulting the Home Builders Federation (HBF) on the Joint Strategic Plan (JSP). 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. Outlined below are our initial considerations as to the scope and objectives of the South West Herts JSP.

Scope of the JSP

2. At the start of the consultation document, it is suggested that the JSP will deal with high level strategic objectives that apply across South West Hertfordshire (SW Herts) and identify opportunities for large scale development. Local plans would then set out the local policies required to enable the objectives of the JSP to be implemented for that area and any other locally specific policies for that area. However, what is not clear is whether the JSP will actually allocate sites or just identify areas for development and leave the actual allocations to local plans. The background to the JSP in the appendix suggests that the JSP will only set the overarching spatial strategy and level of development to be delivered in local plans. The Housing Topic Paper goes further noting that the JSP will identify broad areas for growth with Local Plans delivering the formal changes to Green Belt boundaries required to deliver development.
3. The HBF would suggest that the JSP needs to go further than identifying broad locations for development and actually allocate strategic sites for development, especially those in areas where there are significant uncertainties due to proximity of major settlements to local authority borders such as around Watford and Hemel Hempstead. Leaving the details to individual local plans provides little certainty given the that plan preparation across SW Herts has been very slow and there is no certainty that these plans will come forward and be adopted. Allocations, including any amendments to Green Belt boundaries, in the JSP are necessary to



provide the certainty that development in sustainable locations would come forward as soon as possible.

Meeting housing needs

4. The consultation document makes no reference to the scale of development that needs to be delivered across SW Herts stating that no decision has yet been made on such matters. Whilst we recognise that there is currently uncertainty as to the approach that will be taken by government with regard to housing needs assessments the Council must move forward on the basis of current policy. At present this requires the LPAs in SW Herts to collectively deliver circa 4,000 dwellings per annum (dpa). We recognise that the NPPF sets out that there may be circumstances where needs may not be met in full, but the starting principle must be that these needs will be addressed. As such the council will need to test these constraints and there would need to be very strong reasons why needs are not met in full given that the limited supply of homes in SW Herts has played a significant role in the very high housing costs facing its residents.
5. As the Council note house prices are 82% above the national average. In addition, it should be noted that house prices vary between being 12 and 17 times higher than median local incomes, making it very difficult for those working in the area to also live there. Given that the JSP has an objective to grow opportunities to work locally it will be necessary to ensure there is sufficient housing to support that aspiration. In brief, meeting this level of housing need must be one of the driving principles of the spatial strategy.
6. It will also be important for the Councils to work with the Mayor of London with regard to the unmet needs of the capital. One of the key pressures on the housing market in SW Herts are from those who cannot find suitable accommodation in London. The latest London Plan was adopted despite the fact that the Panel examining the plan identified that there was a shortfall in supply of some 14,000 homes per annum against identified needs between 2019 and 2029. The consultation document recognises the benefits arising from the area's close proximity to London but with these benefits brings the need to consider the degree to which London's unmet housing needs could be addressed in SW Herts.
7. HBF recognise the issue of London's unmet housing needs is one not just facing SW Herts but the majority of the wider south east. However, this does not mean it should be ignored. It is an issue that will need further consideration by the Councils through the duty to co-operate given that the Mayor of London is seeking support from the rest of the south east to help meet identified unmet need for housing. This is set out in paragraph 2.3.4 of the London Plan which states:

“... the Mayor is interested in working with willing partners beyond London to explore if there is potential to accommodate more growth in sustainable locations outside the capital”.

This should be taken as a direct plea for assistance and a clear call for support from the wider south east that the Councils must respond to. We would suggest that the preparation of the JSP provides an excellent opportunity to work with the mayor on this issue.

8. The pressures on the housing market in SW Herts and the cost of housing will also need to be taken into account when considering how and where development will be delivered. The consultation document notes that as a large proportion of the area is designated as Green Belt or is classified as rural areas it will be difficult to find locations for sustainable growth. However, it is not the case that development in the Green Belt is unsustainable. Such assumptions are erroneous and unhelpful reinforcing perceptions that amendments to Green Belt boundaries are inherently unsustainable. The Councils should be highlighting that Green Belt can be a barrier to the delivery of sustainable development by preventing the expansion of an area's largest settlements and potentially forcing development to less sustainable locations. As the Council will be aware this is recognised in paragraph 142 of the NPPF which states reminds strategic planning authorities of the need to promote sustainable patterns of development and that such matters should be taken into account when reviewing Green Belt boundaries.
9. Therefore, the Councils should focus on the fact that amending Green Belt boundaries supports sustainable development by not only meeting development needs but also ensuring homes and jobs are delivered close to services and public transport whilst outlining that the potential negative impacts, such as to landscape and biodiversity for example, can be effectively mitigated. The JSP should be seen as an opportunity to positively meet development needs rather than one that seeks to reinforce misconceptions as to the constraint posed by the Green Belt.

Commitment to net zero

10. One of the objectives being put forward in this consultation is a commitment to ensure all new development is net zero carbon and striving to be carbon negative. The HBF recognises the need for new development to reduce its carbon emissions and to help the industry achieve the Government's already challenging targets set out in the Future Homes Standard established the Future Homes Hub (www.futurehomes.org.uk/). The Future Homes Hub will allow the house building industry to work with partners in other sectors to develop the necessary supply chains and skills required to meet the Future Homes Standard. Without these being in place it will be difficult for all developers to meet the Government's proposed Future Homes Standard let alone deliver zero carbon homes.
11. The Government have set out a clear roadmap to low carbon homes that will alongside the decarbonisation of the national grid ensure that the Government can meet its commitments to net zero by 2050. The way forward to be taken by the Government recognises that the improvements in energy efficiency of new homes should be a transition which ensures that new homes continue to come forward to meet housing needs whilst still be sufficiently challenging to significantly reduce

the carbon emissions of new homes from 2025. We would therefore suggest that the objective should be to encourage and support development to strive towards net zero but seek to be consistent with the Government's approach to energy efficiency of new homes set out in the Future Homes Standard.

Green construction

12. The HBF is generally supportive of the use of modern methods of construction (MMC). The home building industry is a progressive industry that has, for many years, adopted a range of innovative methods to improve the sustainability, efficiency, and reliability of materials and processes in the lifecycle of a construction. This ranges from the use of digitally enabled house type designs delivered through partnerships with offsite manufacturers and the wider supply chain, to the use of new building methods or assemblies. Due to this variety of methods encompassed under the broad umbrella of MMC there can be confusion as to the true extent that it is already taking place in the homebuilding industry. Research published by the National Housebuilding Council (NHBC) Foundation back in 2016 found that the majority of house builders and housing associations are using, or have considered, at least one MMC approach within their recent build programmes.
13. However, it is also important to note that the ability to scale up the delivery of MMC is determined by external factors rather than the appetite of home builders to take forward alternative approaches to construction. In particular it will be more difficult for smaller house builders to deliver MMC given the supply side constraints in the market. These supply side issues need to be a clear consideration in the approach to MMC and would suggest that whilst it should be encouraged there should be no specification as to how new homes should be built.
14. The Council will also need to consider how the promotion of MMC would sit alongside other policies particularly those in relation to design or housing mix. As the need to create variety of individually designed homes for each authority or area within an authority, along with the appropriate mix of homes to meet the local need is often at odds with the volumetric construction required by MMC which requires repetitive or standardised designs in order to be effective.

Shaping the Future – spatial strategy

15. Seven growth types have been set out in the consultation document, but no detail is provided as the level of growth each approach would deliver. However, it is unlikely that the development needs of the area will be met by just one of the approaches proposed. For example, whilst the Government's ambitions are to maximise delivery on brownfield land it is highly unlikely given the scale of housing needs in SW Herts that these will be met by growth within settlements and as such new development will need to be delivered on green field sites. The HBF would also caution against seeking to deliver all development in new settlements. Such large-scale development can meet long term needs but they take time to deliver

and often lead to homes being delivered much later in the plan period ignoring the significant level of homes that are needed in the short term. As such rather than focus on any one approach to growth the spatial strategy taken forward should be one that seeks to deliver a consistent supply of homes across SW Herts throughout the plan period. The strategy should also support the allocation of smaller sites. We recognise that the JSP would not allocate small sites, and that this is likely to be left to individual local plans. However, the JSP needs to ensure that the strategy provides support for the allocation of smaller sites across the area. The identification and allocation of small sites is important as it support SME house builders who will build out sites quickly and ensure a greater variety of type and style of homes being delivered in SW Herts.

Viability

16. The Councils will be aware of the importance of ensuring what is being proposed in the JSP will not make development unviable. Whilst this will need to be tested, we would like to make some broad comments on viability in relation to the approach established in the NPPF and its supporting guidance. To support local planning authorities in preparing their viability evidence the HBF has prepared a briefing note, attached to this response, which sets out some common concerns with viability testing of local plans under the latest guidance and how these should be addressed. Whilst this note focuses on all aspects of the viability testing of the residential development and should be taken into account, we would like to highlight four particular issues with whole plan viability assessments.
17. The first issue is with regard to the approach taken to abnormal infrastructure costs. These are the costs above base construction and external costs that are required to ensure the site is deliverable. Prior to the 2019 iteration of the NPPF viability assessments have taken the approach that these cannot be quantified and were addressed through the site-by-site negotiation. However, this option is now significantly restricted by paragraph 58 of the NPPF. As such these abnormal costs must be factored into whole plan viability assessments. We recognise that the very nature of an abnormal costs means that it is impossible to quantify them accurately, but it is a fact that they are often substantial and can have a significant impact on viability. Where and how these costs arise is also variable. They can occur in site preparation but can also arise with regard to the increasing costs of delivering infrastructure, such as upgrades to increase the capacity of utilities. It is also the case that abnormal costs are higher on brownfield sites where there can be a higher degree of uncertainty as to the nature of the site and the work required to make it developable.
18. Whilst we recognise that national policy expects abnormal costs to come off the land value, we are concerned that if abnormal costs are high then it can result in sites not being developed as the land value will be insufficient to incentivise the landowner to sell. It is therefore important that a significant buffer is included within the viability assessment to take account of these costs if the Council are to state

with certainty that those sites allocated in the plan will come forward without negotiation.

19. Secondly, we would encourage the Council to use the upper end of any of the ranges suggested with regards to fees and profit margins. Again, these will vary from developer to developer but given that the Government want to minimise negotiation on planning obligations it would make sense to use the highest point of any range. The changing landscape with regard to viability assessment could lead to development slowing significantly if the correct variables are not taken into account.
20. Thirdly, the councils must ensure that all the policy costs associated arising from the JSP are considered alongside the likely costs that will be imposed on development through local plans. It will be essential that the strategic policies and aspirations of the JSP leave sufficient headroom to deliver the policies in the local plan. For example, the objective for new development to be net zero in terms of carbon emissions would be a significant additional cost to housebuilders that could impact on the deliverability of development in the area or lead to compromises with regard to the delivery of affordable housing when the individual local plans are developed.
21. Finally, the approach to land values needs to be a balanced approach and one that recognises that there will be a point at which land will just not come forward if values are too low to take account of policy and infrastructure costs. There are a variety of reasons why a landowner is looking to sell their land and it cannot be assumed that they will absorb significant reductions in land values to meet policy costs. Land is a long-term investment and the returns being offered must take account of this.

Conclusions

22. 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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