

Sent by email to: policy.design@havant.gov.uk

 14/11/2022

Dear Sir/ Madam

**Response by the Home Builders Federation to the consultation on the Havant Local Plan.**

1. Thank you for consulting the Home Builders Federation (HBF) on the Havant 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.

**Housing**

*Housing needs and supply*

1. The council state that they do not expect to be able to meet the minimum level of housing needs required by national policy due to the constrained supply of developable land in the Borough. The Council recognise the need to maximise supply and make difficult decisions and that they must leave no stone unturned with regard to the opportunities for development. If, after extensive and detailed consideration of the land available for development, the Council consider that it is not possible to meet needs it will need to ensure that any unmet needs are delivered elsewhere.
2. However, in seeking to achieve this aim the HBF have noted that too many authorities take a passive approach on this matter and fail to challenge their neighbours on their ability to meet deliver housing to support other areas. It is not sufficient for the Council to accept statements that other authorities cannot help without challenging these assumptions not only through the duty to co-operate but as part of the examination of local plans. A failure to challenge other authorities on this matter will inevitably lead to housing needs not being met and a failure to boost housing supply sufficiently in Hampshire and indeed across the South East.

*Stepped trajectory*

1. The Council indicate that a stepped trajectory may be necessary due to the nature of the sites being proposed for development. These include more complex sites at Southleigh, Havant Town Centre and Waterlooville Town Centre. Whilst a stepped trajectory may be necessary it will be important that the Council does not dismiss strategies that could meet annual needs consistently across the plan period. As such the Council should not seek to plan for a stepped trajectory it should be a consequence of not being able to meet needs consistently across the plan period. If the nature of the sites that are available mean that this is not possible then it will be necessary for the Council to set challenging targets that will push the Council to ensure the proposed developments come forward as soon as possible. As noted in paragraph 68-021 of Planning Practice Guidance a trajectory should not “*unnecessarily delay meeting identified development needs.*”.

**Climate change**

1. It is important to recognise that new homes are far more energy efficient than the vast majority of the existing housing stock in the country. An analysis of Government data by the HBF[[1]](#footnote-1) on the energy efficiency of new build and existing homes, highlights:
* New build properties significantly reduce households’ energy usage, with the average new home using approximately 100 kWh per m2 per year compared with older properties which require an average of 259kWh per m2.
* 84% of new build homes were rated with an EPC of B or above, while less than 4% of existing dwellings reached the same standard.
1. The HBF supports the Government’s approach set out in the Future Homes Standard and considers it unnecessary for Council’s to set out additional standards in Local Plans. 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/](http://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.
2. 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 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. As such there is no need for additional standards to be placed on development through local plans.
3. The Council are also proposing that the local plan includes a policy on electric vehicle charging points. Again, this is not needed with regard to residential and commercial development as part S of the Building Regulations has been amended to require their provision. Given that paragraph 16 of NPPF states that local plans should avoid unnecessary duplication of policies in the Framework we would suggest that there is no need for such a policy in the local plan.
4. The Council indicate that the plan may ask developers to review the materials and methods used in construction. In terms of materials, we recognise the importance of ensuring that the embodied carbon in the materials used is important moving forward. However, detailed information on such matters is currently not comprehensive or standardised which reduces the effectiveness of such requirements. Considerations of the embodied carbon need to be addressed at a national level through building regulations and product standards in order to be effective. As such we would suggest that whilst this should be encouraged it would not be appropriate to require detailed evidence from applicants as to the embodied carbon of the proposed construction through the local plan.
5. With regard to methods of construction 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.
6. 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 issue 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.
7. 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 can be at odds with the volumetric construction required by MMC which requires repetitive or standardised designs in order to be effective.

**Biodiversity Net Gain**

1. The Council state that they will seek to implement Biodiversity Net Gain (BNG) in line with the Environment Act and any secondary legislation. However, in the final pages of the plan the Council ask whether they should require BNG to be provide at more than the statutory minimum. The HBF would not support such an approach. Firstly, the HBF does not consider that requiring BNG above 10% meets the tests set out in paragraph 57 of the NPPF and in particular that is not necessary to make the development acceptable in planning terms. As the Government note on page 9 of their response to the consultation on net gain, they considered 10% to deliver the right balance between “*ambition, achieving environmental outcomes, and deliverability and cost to developers*”. Given Paragraph 174d) of the NPPF states that planning policies should “*minimise impacts on and provide net gains for biodiversity*” if a development delivers the 10% minimum requirement by law it will ensure that paragraphs 174(d) of the NPPF is addressed as it will ensure a net gain. As such any level above this is not necessary to make a development acceptable in planning terms and cannot be made a requirement in the local plan.
2. We recognise that the 10% is a minimum. However, it should be for the developer to decide whether they go beyond this figure not the Council. This is a position the Government also supports stating on page 9 of their response to the consultation on net gain that the 10% should not be a cap on the aspirations of developers who want to go further “*voluntarily*”. It is important to remember that that it is impossible to know what the cost of delivering net gain is until the base level of biodiversity on a site is known and consequently what is required to achieve a 10% net gain. On some sites this may be achievable on site with no reduction in developable area, for others it may require a large proportion of it to be addressed offsite or a significant reduction in the developable area – a far more expensive option that could render a site unviable without a reduction in other policy requirements.
3. Rather than require an increase in the level of BNG achieved on site above legal minimums we would suggest that the Council instead work with developers to ensure they can meet the minimum whilst maximising the number of homes that can be delivered in Havant.

**Housing standards and specialist accommodation**

*Older people’s housing*

1. The HBF consider it important that local plans look to allocate specific sites to meet the needs of older people. In particular the Council must look, in the first instance, to allocate those sites submitted for older people’s accommodation that are in sustainable locations close to key services. However, we would suggest that the local plan goes further and looks to set out in policy:
* a target for the delivery of homes for older people and maintains a supply of land to meet that target. Whilst we recognise that there is not a requirement in national policy for the Council to maintain a specific supply of accommodation for older people identifying the level of need and monitoring supply would aid decision makers in the application of this policy and ensuring needs are met over the plan period. Such an approach would also ensure effective monitoring in relation meeting the needs of older people and encourage positive decision making if there is a deficiency in supply.
* support and encouragement for older persons accommodation on brownfield and other land in established urban and suburban environments and which is not allocated (i.e. windfall sites) given the level of need and that older people are most likely to prefer to continue to reside in established areas with which they are familiar.
1. The most important part of delivering a mix of homes to meet needs in the area is ensuring a variety of sites both in terms of size and location are allocated in the local plan. This will ensure wide range of house builders, both large and small, will be able to bring forward new homes which will inevitably lead to variety of type of housing not only in terms of size and type but also design. The HBF also does not consider it necessary to require all developments to achieve a specific mix that is set out in policy as this lacks the necessary flexibility to respond to changing circumstances and viability matters. The Council should set out in policy a more general requirement provides a range of homes, both in terms of size, type and tenure that support the creation and maintenance of balanced communities. In establishing the mix of homes applicants and decision makers can therefore have regard to the most up to date evidence such as the housing needs assessment, monitoring data on the homes delivered, and any specific needs in the local housing market within which a site is located without having to slavishly follow what is a snap shot in time.

*Self-build*

1. Before seeking to require large developments to provide a proportion of the homes delivered as self-build plots the Council will need to examine other opportunities for meeting the needs of those who want to self-build. Under the Self Build & Custom Housebuilding Act 2015 and 2021 NPPF (para 62), it is the Councils responsibility to ensure that sufficient permissions are given to meet demand. Further detail is provided in paragraph 57-014 of PPG with regard to the Council’s duties and whilst this recognises that it should take account of self-build registers when preparing planning policies, it also outlines that consideration needs to be given to the disposal of their own assets in order to meet the need for self-build plots or whether self-build could support the regeneration of brownfield sites. A need for self-build plots should not automatically lead to a policy requiring their provision on larger sites. PPG also notes at paragraph 57-025 that local authorities should be encouraging developers and land owners to consider providing plots for self-build and custom house building but makes no reference to requiring their provision. The Government clearly sees the role of the local authority as working to identify opportunities with developers rather than offloading this responsibility on to the development industry.
2. The Council will also need to ensure that it has a robust understanding of the demand for self-build homes in the area. Too often Councils rely solely on self-build registers that have never been reviewed or the ability of those on the list to build their own home tested. Without a robust evidence base Councils can overestimate the demand for such plots leaving unsold plots. Whilst policies can, and should, be included that allow unsold plots to revert to the developer this can take time and mean that, on some sites, much needed homes are delivered much later than expected. The Council will also need to have a robust understanding of the supply of sites coming forward for self-build. In some areas sufficient plots come forward on windfall sites and as such a policy that is supportive of self-build development may be the most appropriate way forward.
3. Finally in relation to self-build homes, the Council will need to consider whether it is feasible that all large sites deliver self-build plots. Often there are multiple contractors and large machinery operating on-site, the development of single plots by individuals operating alongside this construction activity raises both practical and health & safety concerns. Any differential between the lead-in times / build out rates of self & custom build plots and the wider site may lead to construction work outside of specified working hours, building materials stored outside of designated compound areas and unfinished plots next to completed and occupied dwellings resulting in consumer dissatisfaction. Whilst some sites may be able to locate self-build plots in a manner that reduces these potential risks in other this will be impossible with developers unable to co-ordinate the provision of self & custom build plots with the development of the wider site. Such concerns must be given full consideration by the Council when preparing any policies on self-build to be included in the local plan.

*Accessible homes*

1. The Government have indicated that they will adopt part M4(2) of the building regulations[[2]](#footnote-2) as the mandatory standard for all new homes. As such any policy will no longer need to refer to this standard. However, the Government have stated that they will maintain the optional standard with regard to Part M4(3) and that Council’s will need to justify the number of homes it will require to be built to this standard.

**Viability**

1. Council notes on page 75 of the consultation document that viability is a significant limitation on development in Havant. In particular the Council must take account of paragraph 58 of the NPPF and paragraph 10-002 of PPG which both outline the need for decision makers to be able to assume that development meeting all policies in a local plan are viable and that negotiations on viability will be limited. This will require the Council to consider, for example, variable affordable housing requirements based on site type and location as well as ensuring that there is sufficient headroom to take account of abnormal and uncertain costs (such as those relating to BNG). As such it will be important for the Council to work with the development industry to ensure that policies are realistic and will not compromise the deliverability of the local plan. 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.
2. 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, as outlined above, 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.
3. 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.
4. 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.
5. Thirdly, build costs and fees will need to take account of the inflationary pressures seen recently. Increasing prices and labour costs will have a significant impact on house prices and it cannot be relied on that house price inflation will be sufficient to offset the increased costs of bring froward and building development in Havant.
6. Fourthly, the councils must ensure that all the policy costs associated arising from the local plan are considered alongside the likely costs that will be imposed on development through local plans and other national policies and standards. IN terms of new national building standards and levies imposed on house builders the HBF have estimated in a new report[[3]](#footnote-3) that these cost on average about £20,000 per new home built. This is in addition to the costs imposed through local plans. It will be essential that the strategic policies and aspirations of the local plans do not take account of these costs. However, it will also be necessary to leave sufficient headroom as the cost of delivering some national policies are still uncertain. For example, the Impact Assessment on BNG undertaken by Government makes the assumption that a 10% net gain will cost on average £20,000 per hectare. However, in some cases our members have seen the costs of delivering this at more than £20,000 per unit. Whilst we recognise this will depend very much on the site the Council will need to ensure that there is sufficient headroom in viability to take account of costs such as BNG which are so uncertain.
7. Finally, the approach to land values needs to be a balanced 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. This nis even more pertinent in Havant where a significant proportion of development will come forward on PDL where existing use values will be significantly higher than on green field sites.

**Conclusions**

1. 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



Mark Behrendt MRTPI

Planning Manager – Local Plans

Home Builders Federation

Email: mark.behrendt@hbf.co.uk

Tel: 07867415547

1. <https://www.hbf.co.uk/news/new-build-houses-save-homeowners-2600-in-annual-energy-bills/> [↑](#footnote-ref-1)
2. <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response> [↑](#footnote-ref-2)
3. <https://www.hbf.co.uk/news/homebuilders-face-a-45-billion-hike-in-taxes-and-red-tape/> [↑](#footnote-ref-3)