

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

 13/12/2022

Dear Sir/ Madam

**Response by the Home Builders Federation to the consultation on the Winchester Local Plan 2019 to 2039.**

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

**CN3 – Energy efficiency standards to reduce carbon emissions**

1. The Council are proposing that all new residential dwellings must be able to demonstrate net zero operational carbon on site. To achieve this the policy requires new homes to be built to deliver a predicted space heating demand of less than 15kWh/m2/year and an energy consumption of less than 35 kWh/m2/year and energy consumption to be delivered renewable on-site energy generation. As the Council recognise in their evidence base these standards are significantly higher than what is currently required through building regulations and the proposed Future Homes Standard that is expected to be introduced from 2025. Whilst the HBF recognises the need to improve the energy efficiency of new homes we consider that the most effective way of achieving these improvements is through nationally applied standards and not through a variety of different approaches adopted in local plans. The approach being put forward by the Council will in effect require developers to deliver homes to a variety of different standards in different LPAs increasing costs and reducing the economies of scale that come from building homes to consistently applied national regulations.
2. We are also concerned that in order to achieve the level of energy efficiency set out in this policy will require development to be built using systems and techniques that are currently not widely used within the house building industry at present. For example, to achieve these predicted standards seems to require a level of air tightness that the vast majority of builders and contractors do not currently deliver. We recognise that these skills can be developed but it will be more difficult to develop these skills in isolation to specifically to deliver homes in Winchester. This may well slow down the delivery of new homes in Winchester. In contrast the phased approach to improving energy efficiency through building regulations that is being proposed by Government ensures that the industry works as a whole to enable the delivery of zero carbon ready homes whilst maintaining delivery in a way that cannot be achieved through the individual planning authorities using their own standards.
3. The house building industry is not resistant to improving the energy efficiency of new homes and reducing carbon emissions it merely wants these improvements to be consistent across the country as whole rather than face different standards in each local planning authority. Aside from these broad concerns we do have more specific issue with the evidence base that we consider requires clarification.

*Viability and cost assumptions*

1. It will be necessary for the Council to provide clear and detailed evidence as to the cost assumptions of delivering this policy. At present the evidence set out in Net Zero Carbon Targets is limited and is insufficient on which to base a policy that departs from building regulations so significantly. The HBF considers it necessary for more detailed and evidenced costs with regard to the delivery of the proposed standard in order to provide the necessary justification and ensure that viability considerations are taken into account fully.
2. The HBF are also concerned that the viability assessment does not appear to take into account the additional cost of delivering the higher part L standard that came into effect in June of 2022. The current viability assessment appears use this as a baseline with £72 to £88 added to take account of the proposed LETI standard. This seems to ignore the additional cost of meeting the higher part L standard or assumes that this is already reflected in the build cost. The HBF estimates that these could add between £5,335 to £5,580 to the cost of a new build home and must be added to the base build costs.
3. Further cost likely to be felt by housebuilders and developers as a result of the changes in building regulations is the introduction of the heat metering regulation, as set out in a separate consultation by the Department for Business, Energy, and Industrial Strategy. These new regulations, which go in line with the new Part L regulations, could add an additional £400 - £800 per plot, meaning the total cost per new home for the package of changes to underpin the reformed Part L introduced this year amount to between £5,700 and £6,400 per new home.
4. The Council also need to provide clarity as to the uplift in costs of meeting the proposed standard in CN3. The Council’s evidence sets out the expected increase on costs expected and the broad costs of this policy in section 7 but does not provide a detailed breakdown of the specific costs of each element in relation to the required design assumptions, set out in the appendices to ensure a house or flatted development meets these standards compared to ones that meet current building regulations. The Council’s consultants appear to have undertaken a detailed assessment and this should be included as part of the consultation evidence. These cost assumptions will need to reflect the costs faced by larger house builders as well as those by smaller developers across Winchester.
5. At present the cost assumptions in the viability assessment are based on a medium scale housebuilder delivering 400 to 1,000 homes a year. The costs facing smaller developers in relation to the proposed standards will be much higher than for volume housebuilders. Detailed costs need to be put forward that take account of the higher potential cost of this policy to smaller housebuilders and its potential impact on the delivery of small sites in Winchester given the reliance on windfall development in order to meet housing needs.
6. As such we are concerned that the Council’s evidence potentially underestimates the costs of this policy in relation to the relative costs of current building regulations and the Future Homes Standard. There is still significant uncertainty as to the costs of meeting these standards and, as the Government’s Impact Assessments notes, variations in design location and delivery could see costs vary by 30% or more and it is these uncertainties that the HBF wants to see minimised through the application of consistent nationally agreed standards.

*Reference to Passivhaus*

1. The Council indicate within the policy that homes should be monitored against either the Passivhaus or CIBSE TM54. Whilst we recognise that these are to be used as assessment frameworks the mention of these in policy makes no allowance for other appropriate assessment frameworks or evidence that could be used to demonstrate this target is achieved. In particular we are concerned that the mention of Passivhaus in the policy itself could be misinterpreted by decision makers that homes must be built to Passivhaus standards which the Council have indicated is not the case. We would suggest that a broader range of assessment frameworks should be allowed to allow flexibility for developers to apply nationally agreed procedures to calculate regulated energy demand. It is also important that the Council provide detailed the information within the evidence base about the suggested assessment frameworks being “*better*” or producing “*more accurate*” predictions of energy use, for Developers to consider when selecting an assessment framework.
2. In addition, we would recommend that flexibility is included in the policy where this would result in a development becoming unviable. At present flexibility relates solely to the harm to a setting or character of the area and this is insufficient given the uncertainty as to the deliverability of this policy across all development types. Such considerations are important and also reflect the approach set out in paragraph 157 of the NPPF which, in relation to decentralised energy requirements that both feasibility and viability should be considerations when determining planning applications.

*Conclusion on CN3*

1. In brief the HBF are concerned that the higher level of energy efficiency standards being proposed by the Council go well beyond what is being proposed by the Government and we say beyond the intention of its stated position in PPG. The Government have set out its intentions with regard to the Future Homes Standard from 2025 which will provide a significant improvement to the energy efficiency of new homes, a process that allows for the decarbonisation of the grid to transition homes net zero. Given that the Future Homes Standard will be challenging for the industry to deliver nationally there will be difficulties at the same time in achieving the Council’s more stringent requirements. As such the HBF consider the policy to be unsound as it is unjustified to push for a more stringent target than that set out by a careful dialogue between Government and a range of stakeholders.

**CN4 – Water efficiency standards**

1. This policy requires residential development to achieve a maximum water capacity use of 100 litres per person per day (lppd). The technical standards that can be introduced within local plans are set out in PPG and include higher standards with regard to water use. Where there is evidence to support their introduction, the Government allow local planning authorities to require a higher standard of 110 lppd in their local plans. Therefore, in order to be consistent with national policy the Council should amend this policy to require maximum of 110 lppd.

**D5 – Masterplan**

1. The HBF recognise the benefits of masterplans for large and complex sites to identify and agree on the key development principles early in the decision-making process. However, the policy written could be clear as to when master plan will be necessary. At present the policy states that it should apply to larger sites that may be brought forward in phases. We would suggest that this amended to “… larger sites that *are* brought forward in phases”. This would ensure that the master plans are only required on larger more complex sites and not applied where they are unnecessary.

**H1 – Housing provision**

1. Policy H1 sets out that provision is made for the development of about 15,620 dwellings. This is based on the minimum need established using the standard method of 14,178 new homes over the plan period plus an additional ‘buffer’ for any changes to the standard method or to address some of the unmet needs in neighbouring areas in South Hampshire. Whilst the HBF welcome the Council’s decision to include a higher housing requirement we are concerned that this is not referred to as a buffer and that this buffer could address any changes in the outputs of the standard method or unmet needs in neighbouring areas.
2. The Council should not refer to any proposed increase in the minimum number of homes it is required to deliver as a buffer. This word is most often used to indicate that there are additional homes being delivered between the housing requirement and the number of homes expected to come forward over the plan period. However, the Council use the term with regard to the increase in the minimum requirement to take account of changes to the standard method or unmet needs from neighbouring areas. Further confusion is then created by the Council referring in paragraph 9.19 to the fact that there is no need for a buffer to allow for non-delivery. Using the same term to describe an uplift to the requirement and additional supply has the potential to cause confusion and we would suggest that the term is not used in relation to the uplift to the housing requirement as it is in Table 2 and paragraph 9.18.

*Unmet needs of neighbouring areas*

1. The HBF are also concerned that the proposed uplift to the housing requirement is included to address either a change to the standard method or the unmet needs of neighbouring areas. However, this position provides no certainty at this stage as to whether unmet needs will be addressed. The Council do not appear to have fully taken on board the need to positively plan for the needs of other areas. What is evident from plan preparation across South Hampshire is that there are unmet needs arising in a number of areas including Portsmouth, Southampton, Gosport, and Havant. Indeed, the latest evidence considered by the Partnership for South Hampshire as part of the updated Statement of Common Ground indicated that the shortfall across the area was some 20,000 homes. This is a significant shortfall and whilst clearly Winchester cannot be expected to meet all of these needs it should be looking at developing a spatial strategy that would meet more of these needs than is currently being proposed.
2. However, the Integrated Impact Assessment does not appear to test a strategy that goes beyond what is being proposed in the consultation document. Option 1A tests an option that delivers an additional 2,000 homes but states in 4.117 that it the Council expects the Partnership for South Hampshire Strategy to identify and deal with unmet need for housing. Whilst the PfSH provides welcome coordination on such matters it is still the responsibility for the Council’s in this area to plan for unmet needs through the preparation of their local plans. Indeed, this is the only mechanism unless a joint local plan is being prepared that will take on this responsibility. The Council must therefore examine strategies that contribute more towards the unmet needs of other areas and allocate more sites for residential development in the next iteration of the local plan.
3. It will also be necessary for the Council to set out which council areas are to benefit from the additional homes being planned for by Winchester. This will ensure that there is clarity as to the area that will benefit from these homes and the council areas where unmet needs remain.

*Affordable housing delivery*

1. As indicated by paragraph 2a-024 of PPG the Council also need to give consideration as to whether the number of homes being planned for will meet identified need for affordable housing. The Council Strategic Housing Market Assessment (2020) indicates that there is a need for 333 affordable homes per annum – roughly 42% of the Council’s annualised housing requirement the Council will not be able to meet its need for affordable housing. On the basis of the Council’s affordable housing policy which requires 40% of homes on greenfield land to be affordable and 30% on brownfield sites the Council should consider allocating more sites to ensure these needs are met.
2. Finally, the policy must state that the housing requirement is a minimum. Paragraph 61 of the NPPF is clear that the minimum number of homes to be planned for using the standard method includes any needs that cannot be met within neighbouring areas that the Council has agreed to take into account. The HBF therefore suggests H1 is amended to state that the housing requirement is the minimum number of homes to be planned for.

**H2 – Housing Phasing and Supply**

*Trajectory and phasing*

1. Policy H2 sets out an indicative phasing across the local plan. What is not clear from this is whether the Council is proposing this as a stepped housing requirement that will be used to assess its five-year housing land supply. If the Council are proposing to use a stepped trajectory it will need to provide the necessary justification in line with paragraph 68-021 of PPG
2. In addition, the policy states that phasing will be applied to relevant site allocations that will prioritise previously developed sites and hold back green field allocations until the later parts of the plan period. This is not a sound approach. Whilst it is necessary for Councils to consider whether they can meet development needs in a local plan on brownfield sites. However, if need cannot be met solely on brownfield land and the Council has to allocate greenfield sites for development it should not delay the delivery of these sites until later on in the plan period solely on the basis that they are greenfield sites. Given that the Council need these sites to meet their housing needs in full there is no justification for delaying their delivery.

*Sites of less than one hectare*

1. Paragraph 9.23 recognises the need for at least 10% of the housing requirement must be provided on sites no larger than one hectare. The Council go on to state in the same paragraph that they achieve this with over 2,700 – 17% of the housing requirement. However, this figure includes a windfall allowance of 1,975 homes. These are not identified sites in either the local plan or the brownfield register. It is important to recognise that the reason for this policy is to provide more certainty on those types of sites that are generally brought forward by smaller housebuilding companies reducing the risks and the costs to this sector that comes from having to rely on speculative applications. The Government is seeking to ensure that more of the sites that come through from windfall are actually allocated to provide the benefits or allocation that are usually only available to larger sites. As such the Council have at present identified only 772 homes on such sites and must allocate further small sites to ensure at least 1,562 homes are delivered on sites of less than one hectare.

**H5 – Meeting housing needs**

*Dwelling and size and tenure*

1. The policy provides a welcome degree of flexibility to take account of changing evidence. However, we would suggest that alongside considering the strategic housing market assessment the supporting text should also refer to the most up to date monitoring information to ensure e what has been delivered is factored into decision making. The policy requires at least 65% of affordable home ownership dwellings to be 2 or 3 bedroomed houses, subject to the requirements for First Homes. We assume this caveat is to take account of the First Homes cap and the initial analysis in the Viability Assessment. Because of the cap it is likely that in order to First Homes to be delivered in line with Government policy will require them to be one or two bedroomed apartments and as such it will be important to maintain flexibility with regard to housing mix.

*Self-build and custom-build housing*

1. Policy H5 requires 6% of homes on sites of 50 or more to be provided as serviced plots for self-build or custom house building. Whilst it would appear from the SHMA and self-build register that there is demand for self-build plots in Winchester the Council will need to provide more robust evidence that those on the self-build register are committed to building their own home and have the financial capacity to do so. It is also possible for individuals and organisations to register with more than one Council so there is a possibility of some double counting. The Council should therefore regularly review their self-build register and the demand for such homes to ensure that it is up to date and forms a robust evidence base which supports the approach taken.
2. The Council will also need to show how it shas considered other approaches to increasing the supply of self-build plots. The approaches to meet these needs is elaborated on in paragraph 57-025 and 57-014 of PPG which set out ways in which the Councils should consider supporting self & custom build. Whilst this recognises that local authorities should take account of such needs when preparing local plans these paragraphs also identify a wide range of other sources of supply. These sources need to be explored by the Councils as a means of addressing their duty rather than placing the burden on developers to meet the demand for self-build plots which rather than creating additional supply merely changes the way a unit is delivered, and in some cases delay the delivery of new homes. Until evidence is provided of how other sources could support the delivery of self-build plots the HBF consider the policy to be unjustified.

*Specialist and supported housing*

1. The HBF welcomes the support set out in the policy for specialist housing. However, the policy as written is not considered to be effective in meeting the needs of older people as it does not indicate, either in the policy or supporting text, how many specialist homes are required to meet needs over the plan period. In order for this policy to be effective the Council needs to set out what the need is and that they will meet identified needs for such homes across the plan period. Ideally this will be through allocated sites but if this is not possible then the policy must be sufficiently clear as to how they should react to such applications where there is a shortfall in supply against identified needs. Stating the level of need will also ensure that there is transparency in the Council’s monitoring of this policy and whether or not they have been effective in meeting the needs of older people.

**H6 – Affordable housing**

1. This policy sets out that development of greenfield sites will be expected to provide 40% of dwellings as affordable housing, with previously developed land delivering no less than 30% of homes as affordable units. The Council also recognises that in the short term where development is intended to mitigate the impact of phosphates affordable housing requirements will need to be lower. The HBF welcomes the decision to use a variable rate of affordable housing based on the evidence in the Viability Assessment. However, we are concerned that the Council has underestimated the cost of delivering some policies and this could have an impact on development’s ability to deliver the affordable housing requirement in this policy.
2. The viability evidence presented is an initial study and we recognise that further work will be done to test specific sites and general typologies. Our concerns regarding the costs associated with CN3 are set out above. With regard to other costs our main concern relates to Biodiversity Net Gain (BNG). The viability assessment considers these are around £5,780 per unit based and whilst it may be possible for some development to achieve this level of cost this is wholly dependent on the base level of biodiversity and degree to which that can be addressed on site without compromising the developable area and the viability of that site. In such cases the developer will need to deliver the required level of net gain through the purchase of BNG units elsewhere – a more expensive solution. Given that there is uncertainty with regard to these costs the Council will need to ensure that there is sufficient headroom within development viability to ensure the plan is deliverable.

**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



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