

Sent by email to: [local.plan@southampton.gov.uk](mailto:local.plan@southampton.gov.uk)

03/01/2023

Dear Sir/ Madam

### **Response by the Home Builders Federation to the consultation on the Southampton City Vision Local Plan**

1. Please find below the Home Builders Federation (HBF) response to the consultation on the City Vision 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.

#### **Policy ST1 Development Targets**

2. The Council expect to deliver 16,800 new homes over the plan period. This is nearly 10,000 homes less than the minimum required using the standard method and is a capacity constrained target. The HBF recognises that the Council's boundary is tightly drawn to the edge of the city's urban area limiting the ability of the Council to identify development opportunities on the edge of the city in order to meet its own needs. As the Council recognise this will require support from neighbouring boroughs to work with Southampton to identify opportunities for growth to meet what is a significant shortfall. The consultation document outlines that the Council will work with the Partnership for South Hampshire (PFSH) as part of the development of the emerging South Hampshire Strategy to identify how development needs can be met across the sub region.
3. Whilst the HBF welcomes the development of the South Hampshire Strategy it must be recognised that this strategy only provides a framework to inform the preparation of local plans. Given that SCC have identified that there will be unmet needs the Council will need to work directly with its neighbours through the duty to co-operate to identify locations on the edge of, or close to, Southampton that will ensure the cities needs are met. Co-operation will need to be active and sustained with SCC challenging those authorities that refuse to provide support through all the stages of plan preparation. We recognise that the duty to co-operate is not a duty to agree but where there is disagreement there must be challenge not just acceptance of the status quo.



4. With regard to the number of homes that can be delivered in Southampton itself the Council will need to maximise delivery across the city. It is therefore important that the housing requirement in ST1 is stated as a minimum level of delivery and that the Council will seek to support opportunities that would ensure growth beyond the level stated in the policy. Similarly, we would suggest that the title of the policy is amended to Development Requirements. A target suggests a ceiling for development rather than the minimum level of development that will be delivered. This wording would also ensure consistency with paragraph 11 and 61 of the NPPF.

### **Policy HO1(s) - Density**

5. The HBF supports the identification of locations for higher density development along transport corridors and around transport hubs. Such an approach would be consistent with national policy. However, we would recommend that the buffer of 400m could be increased especially around public transport hubs. This would potentially allow for more development within the most sustainable locations in Southampton. Consideration should also be given as to how the policy could support higher densities on the edge of these zones providing gentle increases in density between lower and higher density areas.
6. The minimum densities being proposed do not appear to be unreasonable. It is also recognised in the policy and supporting text that there must be flexibility to take account of the site being developed and the context of its location. However, we would suggest that further considerations are included such as local market conditions and viability. Both these are referenced in relation to achieving appropriate densities in paragraph 124 of the NPPF and should be recognised in the policy as key considerations alongside context and character with regard to the density of a development.

### **Policy HO2 (S) Housing Mix**

#### *Self and custom build housing*

7. The HBF supports the Council's preferred option 1a. The Council should provide a positive framework to support self-builders but should not seek to require larger developments to include custom and self-build homes. Such a policy could require lower densities of development to accommodate self-build plots and slow the delivery of much needed new homes.

#### *Family Homes*

8. It would appear that the evidence supporting this policy is taken from the 2014 Strategic Housing Market Assessment (SHMA) commissioned by the Partnership for South Hampshire. Without an up to date SHMA setting out the type of housing needed in Southampton it is therefore not possible to state whether a policy requiring 30% of all dwellings on major development to be family housing is

appropriate. This evidence will need to be updated to justify the policy. With regard to the definition of family housing this should be updated to remove reference to private usable amenity space as set out in option 4b. However, this should not just be limited to the city centre but other areas where densities are expected to be increased and where it may not be possible to provide family homes with their own private amenity space. High quality communal space can often provide a far more usable open space not just for families but all residents, spaces that can be limited where there is a requirement for private amenity space on higher density developments.

### **Policy HO3 (S) - Affordable housing**

#### *Affordable housing requirement*

9. The Council are still to produce a viability assessment and as such it is not possible to say whether the proposed affordable housing requirement of 35% is justified and deliverable. The Council recognise that the level of affordable housing required through this policy cannot be too onerous given the impact it will have on the deliverability of development in Southampton, much of which is on previously developed land with higher land values and delivery costs than most greenfield sites.
10. Given the uncertainty as to the cost of development the Council have framed the 35% as being the starting point for a negotiation rather than an absolute requirement. Whilst the HBF supports policies that are flexible it is important to note that paragraph 58 of the NPPF and paragraph 10-007 of PPG outline that decision makers should be able to assume that development that meets the policy requirements in a local plan is sound in order to limit the number of applications where negotiations are required. Therefore, whilst flexibility is required the Council should also consider whether lower rates may be necessary in some areas to ensure negotiations aren't required on the majority of applications. This would be similar to option 1b but establishes variable rates based on location/ development typology.

#### *Minimum requirements not subject to viability testing*

11. The HBF would not support minimum requirements that are not subject to viability testing as proposed in option 2b or 2c. Whilst the approach outlined in NPPF indicates negotiations should be limited it recognises that there will be circumstances where development cannot deliver the level of affordable housing set out in local plans. This is especially the case where development is expected come forward on PDL in urban areas which have a greater degree of uncertainty as to the expected cost of development. The outcome of these options would be to render some sites undeliverable and reduce the number of both market and affordable homes being developed.

#### *Affordable housing requirement from Specialist housing*

12. Given the additional cost of delivering specialist housing the HBF would recommend that such development is exempt from affordable housing contributions as suggested in option 3b. If the Council does consider requiring a contribution from such development the Council will need to consider the key differences between the cost of delivering retirement housing when compared to general needs housing such as:
- Larger communal and non-saleable areas in retirement housing (eg common rooms, laundries, guest rooms, warden's office, dining room, special activity rooms)
  - Higher build costs per sq metre for older persons housing than for general needs housing due to higher specifications of individual apartments and buildings.
  - While revenue per unit is typically higher for specialist older person housing than for general needs flats, revenue per sq metre is not necessarily higher
  - A slower return on investment as schemes need to be fully completed before sales are made as older people are less inclined to buy 'off plan' without seeing a dwelling, the communal facilities and/or meeting staff.
  - Higher marketing costs to reach this older age group for whom a move is a
  - discretionary choice often requiring consultation with extended family. Marketing costs are typically 6% of GDV compared to 3% of GDV for open market housing.
13. Further information on the viability of delivering specialist housing and in particular specialist accommodation for older people is available from the Retirement Housing Group (<https://retirementhousinggroup.com/rhg-publications/>). The Council will need to ensure that such development is thoroughly and properly tested in the viability assessment of the local plan prior to the before requiring contributions from specialist housing.

#### **IN12 (S) – Electronic communications**

14. Part 2 of this policy requires development to include infrastructure required to access superfast broad band or full fibre where this available or close by. Whilst most developers will include such infrastructure it should be for them to decide whether to exceed part R of the Building Regulations not for Council through the local plan.

#### **Policy EN2 (S) – Biodiversity**

15. The HBF supports Option 1a. There is no justification for requiring a higher percentage of Biodiversity Net Gain which could add significantly to the cost of development particularly where this would need to be delivered through offsite credits. The Council will also need to ensure that this is properly considered in the viability study supporting the local plan. The cost of delivering BNG can vary

significantly from site to site as it is dependent on base level of biodiversity on a site prior to development. As such the Council must undertake a sensitivity analysis with regard to these costs as part of that study and set other policies accordingly.

#### **EN4 – Existing open spaces**

16. This policy introduces an exceptional circumstances test with regard to the loss of existing open spaces. This is not consistent with national policy which sets out at paragraph 99 the relevant tests relating to open space when considering their redevelopment. The application of the exceptional circumstances test should only relate to Local Green Space as the NPPF states at paragraph 103 that policies managing these areas are required to be consistent with those for managing Green Belt.

#### **Policy EN10 (S) - Sustainable drainage**

17. Part 1c should be amended to state that above ground features should be prioritised where practicable and viable. There will be circumstances where it is not possible to deliver such features, and this should be recognised in the policy.
18. Part 1d of the policy requires major new build development to provide a green roof to provide attenuation and biodiversity enhancement. Firstly, the policy is poorly written as it specifies “a roof” – does this relate to each building in a development or just one roof across the whole development. Secondly, the policy is unjustified. Development should be allowed to deliver attenuation and biodiversity improvements in the most appropriate manner for that development. This may be through green roofs, however there will be situations where this is not possible. The HBF would therefore recommend that part 1d is deleted. Part 1c will provide sufficient scope for the use of green roofs.

#### **Part DE1 (S) – Place making and quality of development**

19. With regard to point 15 the HBF supports option 1b that would require development to retain existing trees where possible. It must be recognised that the loss of trees sometimes cannot be avoided, and the more flexible approach suggested allows for greater consideration of the factors affecting individual sites to be taken into account by decision makers.
20. With regard to point 20 the HBF would recommend that the policy encourages use of public art where appropriate. The focus should be on ensuring high quality design and whilst art may be part of such schemes good design is not reliant on it. The Council should remove the term major development given that this has a precise definition to which the Council are not referring.

#### **DE6 – Housing standards**

21. The Council will need to ensure it has sufficient justification to support the introduction of minimum space standards as required by the NPPF and PPG. If their introduction is justified, we would support option 1b. This approach would provide flexibility in the delivery of lower cost homes with three or more bedrooms that would meet the needs of their occupants at a price they can afford.
22. The Council will need to make the distinction in part 3b between wheelchair adaptable homes and wheelchair accessible. Homes. PPG outlines at paragraph 56-009 that wheelchair accessible homes can only be required where the Council has nomination rights over the person who can live in that home. needed with regard to M4(3) adaptable and accessible.
23. The policy also refers to residential standards meeting part M4(1). Given that this is the mandatory Building Regulation there is no need to include this reference. It is also likely that the Government will introduce part M4(2) as the mandatory standard<sup>1</sup>, if this is the case then the Council will need to amend its policy accordingly.

## **DE7 – Energy and Net Zero Carbon Buildings.**

### *Energy efficiency standards*

24. The Council are proposing that all new residential dwellings must be able to demonstrate a predicted space heating demand of between 15 and 20 kWh/m<sup>2</sup>/year, an air tightness value of 1 and have an aspiration to deliver generate the same amount of unregulated and regulated energy demand from renewable sources. These requirements go well beyond current building regulations and are not consistent with the Government's approach to improving the energy efficiency of new homes as set out in national policy.
25. Firstly, the Council must consider section 5 of Planning and Energy Act 2008 which states that energy policies in local plans "*... must not be inconsistent with relevant national policy*". Secondly consideration must be given to current Government policy which was first established in the Written Ministerial Statement and then reiterated in paragraph 6-012 of PPG. These two statements set out that Council's should not go beyond a 20% improvement on the 2013 building regulations (an improvement equivalent to the long abolished level 4 of the Code for Sustainable Homes. Given that this has now been exceeded by Building Regulations it is evident that the Government's intention is to use building regulations as the main focus for change on this matter and this is further reinforced by paragraph 154b of the NPPF states in relation to greenhouse gas emissions that "*... any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards*".

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<sup>1</sup> <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>

26. This would suggest that whilst the Government have accepted some uplifts to technical standard can be made through local plans the Government is seeking to deliver major changes to energy efficiency standards through building regulations and not through local plans. Certainly, it cannot be argued that they are expecting Council's to set standards well in excess of the Future Homes Standard which would deliver homes that are zero carbon ready from 2025. As such the Council must follow the Government's position which is that improvements to technical standards moving forward will be addressed through building regulations and not through planning policy.
27. This is a position supported by the HBF who, with others, have been working with Government to establish a pathway to low carbon homes. 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.
28. 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.
29. 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. The Council will therefore need to redraft DE7 to ensure it is consistent with national policy and does not seek to set technical standards that are significantly higher than current standards and even beyond those proposed in the Future Homes Standard.
30. As well as being inconsistent with national policy the HBF also has concerns regarding the potential impact on viability of these high standards that the Council will need to thoroughly test if it decides to move forward with this approach. Given that the costs of meeting the higher standards in part L that came into force in June 2022 will add in our estimation between £5,335 to £5,580 to the cost of a

new build home and must be added to the base build costs it is likely that the Council's proposed policy will add substantial costs to the delivery of new homes in Southampton. It will be necessary for the Council to provide clear and detailed evidence as to the cost assumptions of delivering this policy in order to provide the necessary justification and ensure that viability considerations are taken into account fully.

#### *Whole life carbon emissions*

31. This policy states that all residential development of more than 100 homes should calculate their whole life carbon emissions using a nationally recognised tool and demonstrate actions to reduce life-cycle carbon emissions of the development. Whilst the HBF recognises the need to reduce embodied carbon across all industries we do not consider policies such as that being proposed in DE7 to serve a clear purpose and provide any indication as to how a decision maker should react to development proposals. Whilst it is requiring the calculation of the whole life cycle carbon emissions and actions to reduce life cycle carbon emissions it is not clear from the policy how it will be determined what is an appropriate level of emissions or what would be an appropriate level of reductions.
32. It is also possible that whole life carbon emissions could change over the course of a development due to changes in the supply of materials etc meaning that the Council would have to consistently monitor the application of this policy and react to changing circumstances. As such if the Council is to introduce a policy in relation to whole life carbon assessments it will have to carefully consider how it will be monitored and what the implications are for the preparation are for any assessment, particularly in relation to how easily accessible any data is relation to the requirement, and that it will have to take into consideration that much of the responsibility for emissions will lie in areas outside of the control of the homebuilding industry, including material extraction and transportation, occupation and maintenance, demolition and disposal. The Council will also have to consider how the policy will interact with other policies for example in relation to energy efficiency or resilience to heat, as well as the viability of development.
33. As such the HBF does not consider this policy to, at present, be effective or justified. We would recommend that it is deleted or amended to encourage developers to take actions to reduce life cycle carbon emissions.

#### *Renewables energy*

34. Part C requires development to maximise the amount of renewable energy generated with an aspiration that this level of energy produced meets the demand for both unregulated and regulated energy use over the course of the year. To start with point three of part C should be amended to state that renewable energy use should also take account of feasibility and viability in order to be consistent with paragraph 157a of the NPPF. Secondly the HBF does not consider that the Council have provided the justification for why there is a need for the home building



industry to consider the unregulated emissions in addition to the regulated emissions. It is recognised that developers have limited control over future unregulated emissions which cannot be directly controlled through design or legal prescription. Reference to unregulated emissions should be removed.

35. Finally, whilst we understand the aspiration set for energy demand to be addressed through on site renewables, we would suggest that this is better set out in the supporting text.

#### **DE8 – Sustainable design of new development**

36. The Council should not be requiring development to meet BREEAM or BREEAM Communities. Whilst the Council can suggest the use of such tools to inform and improve the design of new development it should not be requiring development to meet specific standards based on these, or indeed other third party assessment processes. As such the HBF supports option 1c which is more consistent with national policy on such matters.
37. The policy should also refrain from repeating Building Regulations. These are mandatory standards and as such should not be referenced in policy. If a reference is considered to be necessary, this should be confined to the supporting text. There is also no justification for requiring 1% of homes on sites of 100 or more homes to be built to Passivhaus standards.

#### **DE11 – Parking**

38. The HBF would support option 1b which would provide parking standards outside of the local plan, but this will require the Council to amend the policy to state that applicants should have regard to these standards rather than be in accordance with them. As the Council will be aware they cannot set policies outside of the local plan and to requires development to accord with an SPD gives it the status of policy without it having been through the same level of scrutiny as the local plan and without the suggested amendment above the policy will not be sound.
39. The references to electric vehicle parking should be removed as the standards for electric vehicle parking are now set out in part S of the Building Regulations.

#### **DE12 – Electric Vehicle infrastructure**

40. As mentioned above the Council do not need to include a policy on electric vehicle charging infrastructure now that these are set out in part S of the Building regulations. The policy should be deleted to avoid repetition or conflict with national policy.

#### **Viability**

41. The Council recognises in the consultation document that viability is a significant limitation on development in Southampton and that it will impact on the policies taken forward in the local plan. As such when finalising any policy 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).
42. Therefore, 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.
43. 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.
44. 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.
45. 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

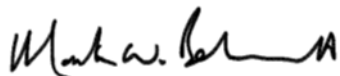
from developer to developer but given that the Government want to minimise negotiation on planning obligations it would make sense to use the highest point of any range.

46. 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 forward and building development in Havant.
47. 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 that these cost on average about £20,000 per new home built<sup>2</sup>. 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, such as for BNG as mentioned above.
48. 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 is even more pertinent in Southampton where a significant proportion of development will come forward on PDL where existing use values will be significantly higher than on green field sites.

## Conclusion

49. 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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<sup>2</sup> Building Homes in a Changing Business Environment, HBF (2022)  
<https://www.hbf.co.uk/news/homebuilders-face-a-45-billion-hike-in-taxes-and-red-tape/>

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