

Sent by email to: futuremedway@medway.gov.uk

30/10/2023

Dear Sir/ Madam

HBF response to regulation 18 consultation - Setting the Direction for Medway 2040

1. Thank you for consulting the Home Builders Federation (HBF) on setting the direction of the Medway 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.
2. The Consultation document is relatively short and whilst it sets out some broad objectives as to what the Council will try and achieve through this local plan it provides no detail as to the policies that will be included in the local plan to achieve them. Given that this is the fourth regulation 18 consultation since 2016 it is disappointing that there appears to have been very little progress. The HBF recognises that the uncertainty around planning policy can make progress challenging but we would urge the Council to move forward rapidly from this point to publication and submission. With regard to what has been included in the consultation the HBF's main comments relate to the Council's position on development needs and the supply of land for housing.

Plan period.

3. The Council are proposing a plan period of 2020 to 2040. The HBF are concerned that this may not be sufficient to ensure that the strategic policies in the local plan, as required by paragraph 22 of the NPPF, will look ahead for at least 15 years from adoption. From regulation 18 we would expect the council to take a minimum of two years to go through a

regulation 19 consultation, submission, and examination and adoption. Which would mean the council adopting the plan late 2025 or early 2026 meaning the plan would only look ahead for 14 years. To ensure consistency with the NPPF the HBF would recommend the plan period is extended to 2042 to ensure that any delays in plan preparation are considered.

The need for new homes

4. Paragraph 5.4 of the consultation document notes that the Council has raised concerns about the standard method, its use of the 2014 based household projections and the marked variation in the levels of housing need it generates in comparison to more recent household projections. Whilst the HBF understands the council's point with regard to the 2014 based projections the Council need to attach significant weight in preparing this local plan to the housing crisis that the country is currently facing which is the primary reason why the Government has continued to require its use in the standard method. Only through a significant uplift in housing delivery across the country, and in particular in the south-east of England, will there be any hope of stabilising house prices over the long term and ensure that there are enough homes to meet everyone's needs.
5. It is important to recognise that the shortfall of housing is a long term structural issue, there is just not enough homes in relation to the size of the country's population. The issue of population size and the size of the housing stock is considered in recent report by the HBF which compares the UK housing market with other European countries. What is notable from this research, is that England has far fewer dwellings relative to its population than other developed nations. For example, Italy and France have around 590 homes per thousand inhabitants compared to just 434 in England, which is also well below the OECD average of 487.
6. This dearth of properties makes England the most difficult place in the developed world to find a home, with the rate of available properties per member of the population at less than 1%, the lowest rate of all OECD countries. The relatively low number of homes for the size of population will impact on the cost of housing. The research found, not only that housing is very unaffordable in the UK but that other similar European nations, for example Belgium and France, have seen incomes better keep pace with house prices and in some cases, such as Finland the have fallen slightly as a proportion of income. Whilst this is national

data it provides stark evidence as to the shortage of housing across the country and the need for all areas to boost supply if affordability is to improve.

7. The Council correctly identify the outcomes of this shortage of homes in Medway with affordability worsening significantly in the last 10 years, more people living in overcrowded/ substandard accommodation or staying with parents far longer than previous generations due to the lack of available and reasonably priced housing. If this issue is to be addressed the Country needs Councils such as Medway to plan for levels of housing that are well above what was delivered in the past and above current population projections. If the Council, and indeed all councils, do not take on its strategic responsibilities with regard to significantly increasing the supply of land for new housing then the issues outlined above will never be addressed.

Housing needs from other areas

8. Consideration will need to be given as part of the Council's duty to co-operate as to whether delivery beyond this level could be achieved to address shortfalls elsewhere. Any engagement on this matter must be constructive, active and throughout the plan making process if the Council are to show that they have fulfilled their duty to co-operate on this key cross border issue. The HBF are aware that Gravesham have indicated that they may not be able meet their own needs due to constraints and it will be for Medway, and other neighbouring LPAs in Kent to consider how any unmet needs that do arise could be met in their authorities. If they cannot help, then Medway will need to challenge Gravesham to take the necessary steps to meet its own needs, such as making amendments to Green Belt boundaries.
9. In addition, the Council will be aware that London will not meet its own housing needs between 2019 and 2029. Over the next ten years there is projected to be a shortfall of 14,000 homes per annum in the capital that resulted from the over assessment of delivery from small sites and the subsequent amendments by the Panel examining the London Plan. Whilst the mayor intends to produce a revised London Plan before the termination date of the new London Plan with updated targets, the constraints on the capital will continue make it very difficult for the city's needs to be met in full and it will be important for areas such as Medway that could see increased migration as a result of the shortfalls in the London housing market to consider how it could increase its own housing supply to address some of these unmet needs.

The benefits of more new homes

10. As outlined above there is a significant need for new homes to address past shortfalls and meet future needs. Significant increases in the delivery of new homes will in the long term start to ensure that house prices stabilise and do not outpace growth household incomes. However, alongside these long-term goals for the market there are other significant benefits that arise from building more new homes.
11. Firstly, and one the Council will be keenly aware of is that increasing the overall delivery of new homes increases the number of affordable homes that can be delivered. The Council's Local Housing Needs Assessment sets out at paragraph 4.29 that in order to address the current backlog in affordable housing needs over a 15-year period as well as meeting newly arising need would require 621 new affordable homes to be built each year. Building at or above the rate arrived at using the standard method will support affordable housing delivery that is closer to what is needed. In particular the allocation of green field sites within the Borough will likely be able to support more affordable housing given that the cost of delivering such sites tend to be lower when compared to the development of brownfield sites.
12. An increase in house building in Medway will also support improvements in local infrastructure. Housing developers make significant contributions to improvement of roads, schools, open spaces, and leisure facilities. Across the country the housebuilding industry has contributed significant funds towards infrastructure and local services. In 2018/19 for example the industry contributed over £200 million towards creating new and improving existing schools and £45 million in improving community spaces and £74 million in creating green spaces.
13. In Medway the Infrastructure Funding Statement notes that in 2021/22 the Council received £6.4 million pounds in S106 contributions of which £2.7 million for education projects and £680,000 was for open space and £450,000 for health services. These contributions are significant and whilst they are there to address the impact of development there are clear benefits for everyone in the community from these contributions that must be recognised and be front and centre in the Council considerations as it moves forward with this local plan.

14. Delivering more new homes will increase the proportion of good quality homes in Medway increasing choice and drive improvements in housing standards across the market. England's ageing housing stock means that there is a higher proportion of homes in a sub-standard condition compared to many other European countries. In 2020 15% of the Countries housing stock failed to meet the decent homes standard, a level set by the Government that represents a desired minimum standard for housing. In Germany this figure was 12% and in Sweden and Norway for example it was 7.1% and 6.3% respectively. Older homes are also the most likely to have serious hazards, such as excess mould and structural collapse. Across England, Northern Ireland, and Wales, more than a quarter (26%) of homes built before 1919 had at least one hazard in the most serious category, compared to only 2.5% properties built after 1980. Not only does an increase in new homes means a higher proportion of the population living in better quality homes, but it also means that there is an increased choice of housing to consumers which will in the long term be one of the drivers in improving the overall quality of Medway's housing stock.
15. Finally, all new homes are substantially more energy efficient than the vast majority of the existing housing stock. Research by the HBF has identified that 85% of new build properties are rated A or B for energy performance compared to just 4% of existing homes. This means they require much less energy for day to day running, using approximately 9,400 kWh a year compared to older properties averaging over 21,000 kWh per year. This improvement can also be seen when size is taken into account with the average new build using 105kWh per m2 per year compared to 246 kWh per m2 in an existing property. New homes are already making a significant contribution towards meeting the national carbon reduction targets by allowing more people to live in more energy efficient homes.
16. This situation will only improve with the proposed changes to the Building Regulations from 2025 and the introduction of the Future Homes Standard. New homes are already being built to higher energy efficiency standards set out in the 2021 Building Regulations which delivers a 30% improvement in terms of carbon emissions on previous regulations, with further improvements expected from 2025 with the introduction of the Future Homes Standard. The Future Homes Standard will see a 75% reduction in carbon emissions on the 2013 regulations and mean that all new homes built as a result of this plan will be zero carbon ready.

Land Supply

Buffer in supply

17. The Council outline in paragraph 5.12 that providing for a buffer to allow for the fact that not all sites identified in the plan will deliver as expected. The HBF would agree with this and whilst there is no hard and fast rule as to an appropriate buffer, we recommend that local plans include at least 15% surplus in land supply over the housing requirement to ensure that the plan is deliverable over the plan period.

Windfall

18. In Council states in paragraph 5.13 that taking into account the current pipeline of extant planning permissions of 7,500 homes and a windfall allowance of 3,000 homes over the plan period. With regard to windfall the Council will need to provide robust evidence to support this relatively high level of windfall across the plan period ensuring that there is no potential for double counting with the supply of specific sites that are identified and allocated in the local plan. This will be particularly important as it appears that the Council have in the past included a significant allowance for larger windfall sites. The process of preparing this local plan should ensure that these larger deliverable sites are identified and allocated and as such far less reliance can be placed on larger sites to come through the as windfall.

Spatial Strategy

19. As for the spatial distribution of development in Medway the HBF does not have any comments specific comments other than that the Council should ensure that the sites allocated in the local plan are deliverable and developable and do not unnecessarily push back delivery toward the end of the plan period. Whilst the Council have not stated that they will need to use a stepped trajectory it is important that it is not an inevitable consequence of the spatial strategy taken forward in the local plan. One of the concerns the HBF has with many current plans that they rely too heavily on strategic sites with optimistic delivery rates which inevitably leads to stepped housing requirements that push back the delivery of new homes to later in the plan period and increase the risk that housing need are not met. This is not to say that large strategic sites should not be allocated but it should be alongside the allocation of smaller sites not at their expense.

20. Whilst the Council are required to ensure at least 10% of its housing requirement comes forward on identified sites of less than one hectare we would suggest that the Council goes much further recognising that there are wider benefits of also allocating more medium sized sites that are larger than one hectare and would deliver up to 60 dwellings, the point at which SMEs start to compete with volume house builders. Firstly, such sites are the stock in trade of SME house builders across the Country who bring forward sites quickly ensuring a strong supply early in the plan period. Secondly, supporting small sites, and smaller house builders, increases the variety of house type and style that is available increasing the choice of available homes. Finally, strong SME housebuilding sector support local and regional supply chains and are often pivotal in bring forward innovation and supporting jobs growth locally, with 1 in 5 of the SME work force comprising of apprentices.

21. However, it is a sector that is under intense pressure. Research by the HBF has found that there are 85% fewer small house builders today than there was 20 years ago and that of a survey of 202 SME house builders 87% said they were considering winding up their residential activities in the next three years. Whilst this decline is due to a range of factors more allocations of small would ease the burden on many SME developers and provide more certainty that their scheme will be permitted allowing them to secure the necessary finance that is often unavailable to SMEs until permission is granted. The effect of an allocation is to take some of the risk out of that development and provide greater certainty that those sites come forward. This in turn will allow the SME sector to grow, deliver homes that will increase the diversity of the new homes that are available as well as bringing those homes forward earlier in the plan period.

Conclusion

22. In taking forward this local plan it will be important for the council to recognise the strategic importance of increasing the supply of homes. The current housing crisis is a result of a long-term structural shortage of new homes in relation to the country's population and requires councils to make difficult long-term decisions to increase the supply of land for housing. However, the Council must ensure that it recognises the significant benefits from house building, some of which are highlighted above, and communicates these not only to its residents but also to local politicians.

23. The HBF would also like to highlight recent survey it has undertaken the finds of which are set out in our report Housing the Nation¹ that shows that the public are not only supportive of new house building to tackle the housing crisis they are also keen to hold politicians to account for their actions in this area. This survey found that 78% of respondents to the survey agreed there was a housing crisis with 68% agreeing building more homes was vital for overcoming the crisis. It also showed that local objection to housebuilding can appear to be overstated. 80% of those surveyed were supportive or not averse to more homes being built, with only 20% opposed to it. What this work suggests is that there is widespread support for building more homes and that this should not be ignored by what can be very few local objectors to new development.

24. I trust that the Council will find these comments useful. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry if that would be helpful. The HBF would like to be kept informed of the progress and adoption of the Local Plan. Please use the contact details provided below for future correspondence.

Yours faithfully



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¹ Housing the Nation (HBF, 2023) <https://www.hbf.co.uk/library/publications-reports-home-builders-federation/>