

Sent by email to: local.plan@hertsmere.gov.uk

29/05/2024

Dear Sir/ Madam

Hertsmere Local Plan

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

Duty to co-operate.

2. The Council are working with their neighbours to prepare a joint strategic plan for South West Hertfordshire (SWH). Whilst such joint working is welcomed, we are concerned that alongside the proposals for the Hertsmere Local Plan recent consultations by Dacorum and Three Rivers will mean that housing delivery in SWH will fall short of meeting needs by over 600 homes each year. No proper consideration appears to be given as how the unmet need for housing across SWH will be addressed or how the collective failure to meet housing needs will impact on the area. The Council must work with its neighbours to properly consider the impact of their actions across SWH and whether these impacts provide further justification for meeting housing needs in full.

The proposed spatial strategy

3. The HBF does not consider the strategy being proposed by the Council that meets just over 75% of the Council's housing needs to be sound. The reason given by the Council for not meeting housing needs is in order to reduce the amount of Green Belt release and no longer remove land from the Green Belt where it meets these needs most strongly. The Council

seem to have concluded, in line with paragraph 146 of the NPPF, that it is justified in concluding that exceptional circumstances are present to amend Green Belt boundaries. However, what appears to be lacking from the Council's evidence at present is what those circumstances are and why they are not sufficient to support Green Belt the council consider to be performing more strongly.

4. The consultation document and evidence base should have articulated how such a decision has been made when set against unaffordability of housing for many in the borough, the huge shortfalls in the provision of affordable housing alongside the economic and social benefits new housing would bring to Hertsmere. The HBF considers the circumstances facing Hertsmere to be of sufficient weight to not only remove land from the Green Belt as is being proposed in this consultation to amend boundaries in areas of the Green Belt that are more strongly performing, where this would support the sustainable delivery of housing to meet needs. These issues are considered in more detail below.

The acuteness and intensity of the housing needs in Hertsmere and South West Hertfordshire

5. The Council consider there to be no justification from diverging from the standard method when calculating local housing need (LHN). The HBF would agree. Using this approach and most update to date information the minimum number of homes needed in the Borough is 731 dwellings per annum (dpa). However, this figure has been capped and as noted in paragraph 2a-007 of PPG *"The cap reduces the minimum number generated by the standard method but does not reduce housing need itself"*. The uncapped level of housing need is much higher due to the poor affordability of housing in Hertsmere. The latest data on affordability published by ONS shows that housing prices were 14.5 times higher than average salaries in the Borough and means that the uncapped housing need is 866 dpa, leaving a shortfall of 276 dpa on the basis of the Council planned supply.
6. Alongside the poor affordability is what is also concerning is the rate at which the affordability of housing is worsening Hertsmere. The Borough has always been relatively less affordable when compared to regional and national averages. However, over the last 20 years the Borough has seen affordability ratios increase at much higher rate from around 9 in 2003 to 14.5 in 2023 whereas for the East of England the median affordability ratio increased from around 7 to 9.76. So, whilst the housing crisis is evidentially impacting on all of the region over the last 20 year it is having a more significant impact in Hertsmere than in many other areas across the East of England.

7. The worsening affordability of housing is also evident in the in the cost of both the rental markets. Rents in Hertsmere have increased significantly over the last decade with lower quartile rents for a 1-bedroom home now being £950 per calendar month (pcm) and £1,500 pcm for a three-bedroom home. These are both significantly higher than the regional average of £650 pcm and £875 pcm and indicate a market where demand is high, and supply must be increased significantly to try and limit further widening in the gap between wages and accommodation costs in Hertsmere.

8. Whilst there is clearly an acute need for housing in general within Hertsmere this is intensified in relation to affordable housing. The most up to date evidence on affordable housing need is from the South West Hertfordshire Local Housing Needs Assessment (LHNA). This indicates that need for affordable housing from all tenures is 503 dpa. However, over the last 10 years the Council have delivered an average of 43 affordable homes each year¹. One reason for these shortfalls will be the reliance on brownfield sites in the urban area where land and development costs are much higher which limit their ability deliver affordable homes. Green field sites in general have the ability to deliver more affordable homes and given the scale of the need for such homes the decision to scale back green belt boundaries amendments and not meet housing needs in full is unjustified.

9. It is also notable that there is an acute problem with housing affordability and the need for affordable housing across South West Hertfordshire. Table 1 below sets out the affordability ratios in each of the South Wrest Hertfordshire authorities and the lower quartile monthly rents for a one bedroomed home. Table 2 outlines the affordable housing need across SW Herts and the average supply of affordable housing over the last 10 years.

Table 1: Housing affordability SW Herts

LPA	Lower quartile rents (£)	Median income to house price Affordability Ratio	Median House Price (£)
Dacorum	850	13.12	435,000
Hertsmere	950	14.49	555,000
St Albans	880	17.61	640,000
Three Rivers	999	12.11	560,000

¹ Table 1008C: Total additional affordable dwellings provided by local authority area – Completions (MHCLG, 2023)

Watford	975	12.45	410,000
East of England	549	9.76	340,000

Source: MHCLG

Table 2: Affordable housing needs and delivery SW Herts

LPA	Affordable housing need²	Average 10-year Affordable housing delivery³
Dacorum	611	180
Hertsmere	503	43
St Albans	828	108
Three Rivers	512	65
Watford	734	113
SW Herts	3188	509

Source: see footnotes

10. What this evidence points towards is that Hertsmere and the SW Herts housing market area is under substantial pressure with housing costs that are much higher than regional averages that will impact on the ability of many young people and families currently living and working in the Borough to meet their needs. The evidence on affordable housing delivery is also stark with delivery significantly under what is required to meet needs. What is evident is that the under delivery of affordable and market housing over many years has contributed to creating a housing market that is increasingly unaffordable to many households who live and work in the area.

Benefits of housing

11. In addition to the meeting the housing needs of current and future households' residential development has a number of key benefits that need to be included as part of the council considerations as to the exceptional circumstances to support their release. For example, in 2018/19 the Council raised over £2.3m from the Community Infrastructure Levy and for every new home built over the plan period additional funds will be raised in developer contributions to support wider improvements to infrastructure within Hertsmere. Whilst the

² SW Herts LHNA 2020

³ Ibid

HBF recognises this is to mitigate against the impacts of that development there are undeniable benefits for the community as a whole such as improvements in public transport, improved and new open spaces, and the provision of new schools.

12. Whilst the Council note the loss of land as a result of new development the Council must not dismiss the potential environmental benefits. For example, all new development will deliver a 10% net gain in biodiversity ensuring that there is an increase in the habitats supporting biodiversity as result of development. Therefore, whilst a strategy that met development needs in full would reduce the amount of Green Belt it must be recognised by the Council that this development will deliver new habitats both on those sites and elsewhere in Hertsmere to ensure it meets the legal obligations of the Environment Act 2021. In addition, new homes built over this plan will be zero carbon ready from 2025. This means as the national grid decarbonise these homes will not emit any additional carbon. Fewer new homes mean more people living in homes that are less energy efficient and which do not support the national target of being net zero from 2050.
13. New housing and more affordable housing mean that more people will be able to live and work locally supporting the local economy and encouraging more business to move to Hertsmere and SW Hertfordshire in general. Hertsmere already has a strong economy with growth in Hertsmere of 9.3% being higher than the regional average of 7.4% and if the objectives of the SW Herts JSP is to be believed it is seeking to improve on this level of growth.
14. However, a housing market that restricts the number of homes that will be built will in general see its population age and the proportion of young people decline. It is notable that the 2018-based population projections for Hertsmere highlights that between 2018 and 2040 the working age population in Hertsmere is expected to fall by around 2.7% with the population that is over 65 expected to increase by over 41%. The Council's Census Implications Report reaffirms this by noting that jobs density is above 1, meaning that there are more jobs in the Borough than working-aged people.
15. Whilst the Borough has clearly supported a growing number of jobs despite a falling working age population this is off the back of increasing levels of in commuting. This is unsustainable in the long term and should be seen by the council as a driver to build more homes rather than place limits on any potential growth.

16. If it is the Council's ambition, alongside the other SW Herts authorities, is to grow opportunities to work locally it must ensure that there is the housing and working aged people to support that ambition.

The nature and extent of the harm to the Green Belt

17. The Council have undertaken a Green Belt Assessment (GBA) that examines the extent of the harm to the Green Belt with regard to larger parcels and sub areas of those parcels. The HBF makes no comment as to the accuracy of the assessments in the GBA, but any decision to exclude sites on the basis of the GBA will need to be clearly justified by the council and that the potential harm has not been exaggerated either in the assessment or subsequent decision making. In particular the council will need to ensure that the ability of a site to minimise and mitigate harm to the purposes of the Green Belt is fully accounted for in its assessment and decision making.
18. In terms of the overarching harm to the Metropolitan Green Belt in order to meet need the HBF would consider these to be minimal. The consultation document states that this plan allocates 300 fewer hectares of countryside than the previous plan that met needs in full. Whilst this sounds like a sizable amount of land it equates to just 3% of the 9,800 hectares (ha) of land currently designated as Green Belt in Hertsmere and just 0.05% of the 516,000 ha that makes up the Metropolitan Green Belt. Whilst the HBF recognise that further releases will have some harm to the purposes of Green Belt at a very local level it is necessary to consider these in the context of the limited impact in terms of the proportion of Green Belt that will be lost over the course of this local plan and the principal aim of stopping the outward sprawl of London.

Conclusion on exceptional circumstances

19. The evidence presented above shows an area with an acute need for more market and affordable housing. Both house prices and market rents are high making it increasingly difficult for young people and families to afford live and work in the area. The consequences of this will be the continued out-migration of young people from the area to live elsewhere leaving behind an increasingly older population. This will in turn impact on labour supply and the ability of the local labour market to meet the needs of business in South West Hertfordshire without consequential increases in the level of commuting.

20. When this evidence is considered alongside what are relatively small amount of additional land that is required to be removed from the Green Belt alongside the wider benefits accruing from such development the HBF consider there to be clear justification for amending Green Belt boundaries to meet housing needs in full.

The Sustainability Appraisal of the alternative development options

21. The Council's Interim Sustainability Appraisal (SA) considers an additional option to the five considered in the 2018 SA. However, what this SA does not do is consider an option that seeks to meet development needs in full in short, the option considered in the 2021 SA that would have delivered 760 dpa. Therefore, it is surprising that no mention is made in Chapter 2 of the Interim SA to the options considered in 2021 or indeed an alternative strategy that would have met housing needs in full. Given that these are reasonable alternatives to the strategy being proposed the council should have included the assessment of development strategies that meet needs in full rather only providing assessments of strategies proposed in 2018 alongside the one being proposed in this consultation. This must be addressed moving forward with the council presenting all the reasonable alternatives to decision makers to consider their relative merits alongside each other. The HBF are concerned that the Council have alighted on this strategy without sufficient consideration of the reasonable alternatives to the proposed strategy and that the decision is being based solely on the public's reaction to the 2021 draft local plan and not the evidence as to the need for housing and the impacts of not meeting housing needs in full.

Plan period.

22. The Council are proposing a plan period of 2023 to 2041, which it states will ensure the plan looks forward for 15 years post adoption of the local plan in 2026, as required by paragraph 22 of the NPPF. However, this timescale for adoption is based on the pre-submission consultation ending in December 2024 with submission in April 2025 and an examination being completed within twelve months. In the HBF's experience this is a very optimistic timescale for the examination of a local plan and in particular one that does not meet development needs in full. As a minimum we would expect that the period between submission and adoption would be 15 months. However, in order to ensure that the plan is consistent with paragraph 22 of the NPPF the Council should allow for at least 2 years between submission and adoption. This would mean that the plan is most likely to be

adopted part way through 2027 the HBF would recommend that the plan period is extended to 2042 to ensure that it looks ahead for a minimum of 15 years on adoption.

Conclusion

23. The council have previously considered it possible to meet housing needs through the suitable for release of Green Belt. The evidence at that time suggested that the potential harm from this scale of release could be sufficiently ameliorated to support the proposed boundary amendments and the subsequent allocation of that land for development. Since that consultation the only thing that appears to have changed is the public concern with regard to the scale of the Green Belt release being proposed. The affordability of housing remains beyond the reach of many, and affordable housing delivery is low. No additional evidence has been presented setting out that the harm to the GB was underestimated and that the scale of the release proposed was unsound. In short it appears as though the Council has decided not to meet housing needs on the basis of public concern regarding Green Belt release rather than on the evidence on the need for new homes, the unaffordability of housing for many, the poor delivery of affordable housing and the consequential impacts of not meeting those needs. Whilst public consultation is a vital and important part of the plan making process the Council must still considers the evidence and prepare a plan that seeks to meet the needs of all its residents.
24. In preparing a plan to satisfy those seeking to oppose meeting housing needs in full the Council are ignoring those current and future residents who are struggling to afford a home to either buy or rent. It is also important to recognise that support for house building within the community is high. Recent research commissioned by the HBF⁴ shows that support for building more housing is higher than is often thought. When asked whether they were supportive of more house building 80% of respondents were supportive or not averse to more homes being built in their local areas with only 20% opposed to it. The report also highlights the fact that overcoming the housing crisis is vital in tackling intergenerational unfairness and inequality with 71% of respondents feeling that that housing crisis was making the country less equal and more divided. Local Planning Authorities must recognise that whilst seeking to plan for fewer homes than are needed may seem popular this is not necessarily the case and that it is more likely that the vocal minority are being listened to rather than those most affected by the lack of housing being provided.

⁴ Housing the Nation, HBF (2023) <https://www.hbf.co.uk/news/housing-the-nation>

25. The HBF would therefore urge the Council to reconsider its spatial strategy and prepare a plan that meets needs in full.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

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