

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

20/11/2017

Dear Sir/ Madam

Response by the House Builders Federation to the South Downs National Park Pre-submission Local Plan

Thank you for consulting the Home Builders Federation (HBF) on the Pre-submission 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.

We would like to submit the following representations on the Local Plan and we would welcome, in due course, participating in hearings of the Examination in Public.

Duty to co-operate

Within the Duty to Co-operate Statement, and throughout the Plan, it has been stated that as a National Park the South Downs National Park Authority (SDNPA) do not have to meet housing needs due to footnote 9 of the National Planning Policy Framework (NPPF). This is not strictly true. Paragraph 14 and foot note 9 indicate that plans should meet need unless specific policies indicate that development should be restricted. This does not mean that the National Park doesn't need to meet needs but that there may be policies that will limit their ability to meet needs.

As with Councils in the Green Belt, the national park authorities need to ensure that they adequately assess their potential for development against both housing needs and the key purposes of the national park designation. The degree with which a national park can then meet those needs will be dependent on this assessment. Should it be possible to meet needs then the national park authority should do so. Where a national park authority is unable to meet those needs then it must co-operate with its neighbouring/ overlapping authorities in order to ensure any unmet needs are delivered elsewhere in the HMA or in another adjoin HMA if necessary.

Whilst housing has been identified as a key cross boundary issue, what is still not clear is whether the SDNPA considers their own assessment of need to be part of the needs that have been assessed in the HMAs across which the national park stretches. We recognise that the situation for the national park, and especially one in an area of such

high housing needs, will be complex. However, it is because of this complexity that the SDNPA must ensure that they are clear as to their approach to housing needs and how it co-ordinates the preparation of its evidence with those areas it straddles. As such the preparation of a separate SHMA for the National Park creates confusion as to the assessment of needs and it is still not clear as to the consistency between its own assessments and those undertaken for other HMAs.

Because the National Park is highly likely to have to deliver a capacity constrained housing requirement it is vital that the SDNPA agree memoranda of understanding (MOU) with the relevant HMAs setting out the position with regard to needs assessments. These MOUs must set out whether the assessment of need in the national park is part of other needs assessments, or is in addition to those needs assessments. They must also be clear as to how any unmet need arising due to the constrained delivery in the national park will be addressed. These concerns must be addressed prior to submission as the Government have been clear that failures on the Duty to Co-operate cannot be addressed after the submission of the Local Plan.

SD26: Supply of Homes

The policy is unsound as it neither a positive approach to planning for the areas housing needs or consistent with national policy

The local Plan should be a positive exercise in planning for the future needs of the area. It is therefore vital that no upper limits are placed on housing delivery that might be used to unnecessarily constrain housing delivery. It is therefore essential that the housing requirement be set out as a minimum, even where an area is constrained by designations such as the National Park. Whilst we recognise there are constraints, SDNPA must continue to ensure there is scope for supporting further development opportunities where it is in conformity with the local plan. To state that the requirement is only approximate does not provide the necessary clarity to support positive and effective planning. In fact we would argue that stating the minimum requirement is even more important where an authority is not able to meet its own housing needs as it should seek all policy compliant opportunities to deliver new homes. Therefore in order to ensure consistency with the NPPF we would suggest that part 1 of SD26 sets out the requirement as a minimum.

We are also concerned that further consideration has not been given to Petersfield over and above the Petersfield Neighbourhood Plan. Petersfield is the second largest town in the Park with a population of over 15,000. It has the opportunity through this plan to ensure that the Park contributes more in seeking to meet the unmet housing needs identified by SDNPA. The Neighbourhood Plan identifies land sufficient to deliver 805 new homes. This is replicated in SD26 but it would appear that the potential for Petersfield to support more housing has not been tested by the Park and as such it cannot justify this relatively low level of housing delivery. Whilst Neighbourhood Plans play an important role it is important that that the Local Plan, where this comes later, tests the potential of such plans in order to meet housing needs as required by the NPPF.

SD27: Mix of Homes

The policy is unsound as it is not effective

The approach taken in SD27 will require all residential development, regardless of scale to provide the mix set out in part 1(b) of this policy. To require such delivery on smaller sites is not an effective approach to planning that would require even the smallest of residential applications to justify an alternative mix either on the basis of local needs or in relation to purpose 1 of a National Park. The required mix is also undermined by the Park's own viability evidence which suggests that delivering schemes to meet this mix will not be marginal at best. In order to deliver 1 and 2 bedroomed units will require the development of flatted development. However, the viability assessment at paragraph 7.11 suggests that the development of such schemes will be challenging with a 50% affordable housing requirement.

In order to make this policy we would suggest that the policy is amended to provide greater flexibility with regard to he mix of market homes. As with the affordable provision the mix should only be a guide and reflect the scale of development and the nature of the site. We would also suggest that "to ensure National Park Purpose 1 is met" be removed from Part 2(b). Considerations of mix should relate solely to the nature of the site. Any development will be required through other policies to ensure that it contributes to the purposes of the national park and unnecessarily limits flexibility with regard to considering the mix of development on a site.

SD28: Affordable Homes

The policy is unsound as it is not in conformity with national policy, is unjustified and ineffective

Our two concerns regarding the soundness of this policy relate to:

- The viability evidence suggests that the requirement for all sites providing 11 or more units would place the delivery of the plan at risk
- The sliding scale of contributions on small sites is in direct opposition to government policy and this divergence has not been adequately justified.

50% affordable housing requirement

Paragraph 173 of the National Planning Policy Framework (NPPF) sets out that plans should not set out obligations that would threaten the viability of the sites and scale of development that is being proposed in the plan. At present SDNP evidence base suggests that requiring 50% affordable housing contributions with 75% as affordable rent will make a number of types of development unviable. In particular it would appear that it is likely to put at risk those types of scheme that SDNPA require in order to address some of the key challenges they face with regard to the type and cost of housing within the national park.

SDNP set out as one of their objectives the importance of delivering housing to support the economic and social well-being of those people who live and work within the national park. As part of this strategy it is being proposed to disperse this development across the 53 settlements listed in policy SD25 of the Local Plan on both developed and greenfield sites. This is not an approach with which we would broadly disagree, however the approach taken by the Council would seemingly favour the development of larger higher value market homes on higher value areas rather than the development of the smaller homes that would see them achieve the mix of development set out in policy SD27.

Figure 7.10.1 sets out the impact of the policy set out in the Local Plan and shows that the development of both Greenfield sites and PDL sites on the typologies over 11 units are seriously compromise by the current policy. Only is the highest values are achieved in the most expensive areas will such development be viable on the basis of policy SD28. This situation is recognised in para paragraph 7.11 of the 2017 Viability Assessment which states:

“the viability of some schemes on the basis of emerging Policy SD28 is challenging in the lower value settlement categories, although the outcome is highly dependent on the form of housing development. For example, typology 15 (which includes a high proportion of flats) is unviable until the very highest sale value is achieved. This is due to the higher cost of construction and the need to provide amenity areas which results in less efficient gross to net ratios. In contrast, typology 13 (comprising houses only) is viable from almost the lowest value in the range tested.”

On the basis of a 50% affordable housing requirement it would appear that the vast majority of the development scenarios over 11 units in group 3, 4 and 5 settlements would not be viable or viability would be marginal. This means that for 38 of the 53 settlements there could be concerns regarding the viability of development if a 50% threshold were applied. This suggests that the spatial strategy being proposed in the Local Plan may not be deliverable. On top of this concern is that the mix of homes that that are being proposed by SDNPA could be compromised by the affordable housing requirement. SDNP want to achieve the mix of homes set out in SD27, this requires 50% of all homes being 1 and 2 bedroomed homes. For this to be achieved larger developments will have to comprise of both flats and houses. However, the viability states that it will be a challenge to deliver such development and that viability is improved when delivered without flats. Whilst the Viability Assessment suggests that this type of development will become viable over time as values increase, it is also the case that during this time land values will increase. This is even more likely given the constraints on supply that are inherent within a national park.

It would appear that SDNPA are satisfied with an approach that limits flatted development in favour of lower density, and more expensive, development in higher value areas. Not only does this go against the Local Plans own objectives to achieve a mix of development across the National Park but also national policy. Paragraph 50 of the NPPF sets out the requirement for local planning authorities to plan for a mix of housing, both market and affordable homes, and the evidence suggests that the high

affordable housing threshold being proposed could compromise SDNPA's ability to deliver these local and national policy objectives.

As such we would consider a lower affordable housing threshold would be a more appropriate approach to delivering both the market and affordable housing that SDNP are seeking to achieve. This would allow a greater range of development types to come forward and supporting SDNPs objectives with regard to housing mix and the spatial strategy whilst also supporting the delivery of more affordable homes at the desired tenure split.

Small site contributions

Policy SD28 sets out a sliding scale of contributions for developments of between 3 and 10 net units. This policy is in direct opposition to national policy set out not only in the written ministerial statement of 28 November 2014¹ but also with paragraph 31 of Planning Practice Guidance (ref: 23b-031-20161116). As such the plan is to sound as it is not consistent with national policy as required by paragraph 182 of the NPPF. The Council have set out a case for this departure from national policy in the Affordable Housing Background Paper however we do not consider this evidence to address the key reason for the Government's decision in introducing this policy. The Ministerial Statement is clear that the reason for introducing this policy was to "ease the disproportionate burden of developer contributions on small scale developers".

Analysis by the HBF² shows that over the last 30 years changes to the planning system and other regulatory requirements, coupled with the lack of attractive terms for project finance, have led to a long-term reduction of total SME house builder numbers by about 70% since 1988. The Government is very anxious to reverse this trend and increase the number of small businesses starting up and sustaining this activity. Improving business conditions for SME home builders is the key to long-term supply responsiveness.

As such any evidence required to justify the departure from national policy will need to show that the burden of these policies is not disproportionate on this particular sector of the house building industry. The background paper highlights issues with regard to general viability but does not address this issue. When considering the disproportionate burden it is important to remember that a whole plan viability assessment makes broad judgements as to costs and values. Because of this they will not necessarily relate to smaller developers who will face a number of different challenges compared to larger house builders. These range from higher borrowing costs, higher equity to loan ratios and the need to invest more of their own equity at the start of any development. It is not sufficient to rely on a whole plan viability assessment and we do not consider there to be sufficient justification to depart from national policy.

¹ <https://www.parliament.uk/documents/commons-vote-office/November%202014/28%20Nov%202014/2.%20DCLG-SupportForSmallScaleDevelopersCustomAndSelf-Builders.pdf>

² http://www.hbf.co.uk/?eID=dam_frontend_push&docID=25453&filename=HBF_SME_Report_2017_Web.pdf

We would therefore suggest that those elements of part b that are not consistent with national policy are deleted.

Conclusions

For the South Downs Local Plan to be found sound it must pass the four tests set out in paragraph 182 of the NPPF. At present we consider the Publication Local Plan to be unsound due to:

- The affordable housing policy is not justified by the evidence base and is inconsistent with national policy
- An ineffective policy on housing mix
- Housing requirement must be set as a minimum

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully

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