

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

26/03/2018

Dear Sir/ Madam

Response by the House Builders Federation to the Hart Local Plan – Strategy and Sites

Thank you for consulting the Home Builders Federation (HBF) on the Local Plan - Strategy and Sites. 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

The Duty to Co-operate (S110 of the Localism Act 2011 which introduced S33A into the 2004 Act) requires the Council to co-operate with other prescribed bodies to maximise the effectiveness of plan making by constructive, active and on-going engagement. The high-level principles associated with the Duty are set out in the National Planning Policy Framework (NPPF) (paras 156, 178 – 181) and in twenty-three separate paragraphs of the National Planning Practice Guidance (NPPG). In determining if the Duty has been satisfactorily discharged it is important to consider the outcomes arising from the process of co-operation and the influence of these outcomes on the Local Plan. One of the required outcomes is the delivery of full objectively assessed housing needs (OAHN) for market and affordable housing in the housing market area (HMA) as set out in the NPPF (para 47) including the unmet needs of neighbouring authorities where it is reasonable to do so and consistent with sustainable development (NPPF para 182).

The HMA of Hart, Rushmoor and Surrey Heath would appear to be a reasonable and pragmatic response to the complicated migration and commuting patterns found across the South East, largely due to the influence of London. As such it will be important for the

Council to work with neighbouring HMAs and consider, where necessary, supporting those authorities in meeting housing needs.

The Council have identified housing as a strategic and cross boundary issue and have noted that Surrey Heath may not be able to meet all of its housing needs within its own boundaries. It is suggested in paragraph 16 of the Duty to Co-operate Statement that the shortfall will be between 1,500 and 950 homes. However, the Council go on to state in subsequent paragraphs that the HMA will exceed the expectations for housing delivery should the Government's proposed standard methodology be introduced. We would contest this point of view. It is still important for housing delivery to take account of economic growth and to supply sufficient housing to support those aspirations. As such the Council is seeking to meet its OAN cannot use these homes to offset needs elsewhere. If this were to happen then there would be insufficient homes across the HMA to supported expected levels of economic growth. Given the uncertainties surrounding the potential for unmet housing needs in Surrey Heath it will be important that the ability of the HMA to meet its needs forms part of the review being proposed by the Council in paragraph 109 and at paragraph 427. So whilst the evidence would suggest the Council has fulfilled its Duty to Co-operate in relation to housing delivery, given the current uncertainties with regard to Surrey Heath the commitment to an earlier review if necessary is important.

Policy SS1 Spatial Strategy and Distribution of growth

The Council's housing requirement of 388 dwellings per annum (dpa) is an economically driven target to meet anticipated jobs growth within the Borough. This is a substantial uplift on the 2014 based DCLG (now MHCLG) Household Projections and is also an increase on the Government's proposed standard methodology. However, it is a significant reduction on the 485dpa that the Council set out as their OAN in their regulation 18 consultation. The recommendation to increase overall delivery is set out in the Council's Affordable Housing Background Paper which considered the most sustainable approach would be to increase delivery to 485 dpa in order to meet a greater proportion of the Borough's housing needs. At that time the of the regulation 18 consultation the Council considered it necessary to this option recognising the support for such an approach in PPG (Paragraph 2a-029). We are therefore surprised to see the Council move away from this decision which it considered appropriate in April 2017.

The Council's approach to establishing its Objectively Assessed Need for Housing (OAN) is set out in the 2016 Strategic Housing Market Assessment. Its use of the 2012 based household projections is reasonable and we would agree that the difference is not material. We would question the approach taken to market signals and given the poor affordability in the Borough we would suggest that the market signals uplift of 15% was insufficient. However, this issue is moot given that economic growth in the area means that housing need is significantly above projected household growth, even when adjusted for the 40% uplift that would be required as part of the Government's standard methodology.

The approach taken by the Council in setting its housing requirement above the standard methodology in response to expected economic growth is one that the HBF supports. In

our representations to Government on the standard methodology we have stressed the importance of ensuring housing delivery meets the economic growth aspirations of an area. A standard approach to housing needs should not be seen as a cap on an areas ambitions but rather be considered a minimum from which an areas aspiration should extend. The approach taken by the Council is also one supported by paragraph 2a-018 of PPG which requires local authorities to plan sustainably for economic growth and consider these needs when establishing its OAN.

Housing land supply

The HBF does not comment on the merits or otherwise of individual sites therefore our representations are submitted without prejudice to any comments made by other parties on the deliverability of specific sites included in the overall housing land supply, the five-year housing land supply and housing trajectories. However, we want to stress the importance of having realistic delivery expectations within any allocations to ensure the deliverability of the plan across its lifetime. This is particularly important where there is a reliance on strategic sites to deliver the majority of new homes within the plan period.

As a significant amount of the development being proposed in this plan will be delivered on strategic sites it will be essential that the Council's development strategy is based on realistic delivery expectations. Where delivery is considered to be unjustified we would suggest that the timescales for the delivery of sites be regularly reviewed with the option of bringing forward other sites which would be deliverable within the plan period. Any undersupply across the period can then be offset and provide a mix of development opportunities and in general offer a more flexible local plan that is a requirement of paragraph 14 of the NPPF.

Policy H1 Housing Mix: Market Housing

Part b of policy H1 is not justified

In making any decision to adopt these standards PPG sets out in paragraph 56-007 that the Council must consider and take into account:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings).
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).
- the accessibility and adaptability of existing housing stock.
- how needs vary across different housing tenures.
- the overall impact on viability.

We are concerned that the Addendum to the Viability Study has underestimated the costs of implementing this policy and as such the Council have considered the full impacts of this policy on the local plan. As well as the paragraph in PPG mentioned above the NPPF also sets out in paragraph 173 the need for LPAs to ensure that the cumulative impacts of policies in the plan do not make development unviable. It must be remembered that the residual land value model is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact on viability.

Therefore, it is important for the Council to understand and test the influence of all inputs on the residual land value as this determines whether or not land is released for development.

In the Council's Addendum to the 2016 Whole Plan and CIL Viability Study the costs of complying with the Council's policies are set out in section 3. Within this section the Council outline in "Other Costs" and in this are included costs related to the optional technical standards for access and water efficiency. The estimated costs are £850 per unit. When compared to the evidence produced in 2014 by EC Harris in support of the Housing Standards Review this estimate would appear to be low. The EC Harris report sets out the access costs and access related space costs per units in relation to Part M4(2) are:

- £1,622 for a 1-bedroomed apartment
- £1,629 for a 2-bedroomed apartment
- £1,967 for a 2-bedroomed terrace house
- £2,687 for a 3-bedroomed detached house
- £2,686 for a 4-bedroomed detached house

As such the costs of implementing this policy are either double or triple those set out in the Viability Study. At present the overall impact on viability of this policy has not been fully considered and as such the policy is not justified.

Part d is not consistent with national policy

Whilst we support the encouragement of self-build housing through the local plan we do not consider the requirement for sites of 20 or more dwellings to provide up to 5% service plots for self and custom house building to be justified or consistent with national policy. Whilst we recognise that Local Planning Authorities now have a duty to promote self-build housing we do not consider the Council to have looked at sufficient options with regard to how it can provide plots to support self-builders. Paragraph 57-024 of PPG sets out a variety of approaches that need to be considered – including the use of their own land. This is reiterated in para 57-14 of the PPG which sets out the need for Council's to consider how they can support the delivery of self-build plots through their housing strategy, land disposal and regeneration functions. We cannot find any evidence as to the Council's consideration of other reasonable approaches to delivery as suggested in PPG. Without such consideration it would appear that the Council is seeking to place the burden for delivery of self-build plots on larger sites without looking sufficiently at other delivery mechanisms as set out in national guidance.

We also consider the policy to be inconsistent with the third bullet point of paragraph 57-025 of PPG. This outlines that the Council should engage with landowners and encourage them to consider self-build and custom housebuilding. The approach taken by the Council moves beyond encouragement and requires land owners to bring forward plots. We would therefore suggest that the policy be deleted and replaced with a policy that seeks to encourage the provision of self-build plots on larger sites.

Where it is agreed that some plots for self-build and custom housebuilding are to be provided within larger sites it is important that the Council's policy is clear as to when

these revert to the developer if they are not sold. At present the Council's approach to this situation is only set out in the supporting text at paragraph 176. Firstly, we consider that this part of the Council's approach to self-build plots should be set out in policy. Secondly, we consider the 2-year time period to be excessive. If there is an waiting list for such plots as set out in the self-build register there should be no need to wait for two years. We would suggest the policy states that where a plot remains unsold after 6 months of it being offered on the open market then it should revert back to the developer to be delivered as part of the overall scheme. We would also recommend that if development of a purchased plot has not commenced within three years of purchase that the buyer be refunded and the plot reverts to the developer. It is important that plots should not be left empty to the detriment of its neighbours or the development as a whole.

Policy H2 Affordable housing

The affordable housing policy is unsound on the basis that it is ineffective, inconsistent with national policy and unjustified.

We consider part 1 of the Council's current affordable housing policy to be unsound as it is not consistent with national policy. Paragraph 17 of the NPPF is clear that local plans should provide "... a practical framework within which decisions on planning applications can be made with a high degree of predictability and efficiency."

However, policy H2 affordable housing seeks to require that a "no less (our emphasis) than 40% of the new homes to be affordable housing". In setting out this target as a minimum the Council are creating unnecessary uncertainty for the house building industry. Developers should be able to cost schemes with a high degree of predictability and this policy does not support this position. At present this policy appears to be the starting point of a negotiation and that the Council will seek higher contributions. Paragraph 17 establishes that the local plan should ensure a high degree of predictability within decision making. By asking for a minimum affordable housing contribution it is not clear as what is expected. The Council must be clear as to what is expected of applicants and in order to make this policy sound we would recommend that the words "no less" be removed from policy H2.

Exemption for older peoples' accommodation providers

Providers of accommodation of older people (assisted care housing, supported housing, sheltered housing, retirement housing) should be exempted from the requirements of this policy. This is because they operate a very different business model to developers providing more conventional housing types. There are two main factors. Firstly, the amount of development on a site that contributes to its gross development value (its sellable value) is much reduced compared to other more conventional housing providers building houses of flats. This is because many of the facilities provided on site by providers for older people, is shared area. Secondly, it is hard, and sometimes inappropriate to integrate affordable housing on site. Consequently, few older peoples' schemes are able to viably provide affordable housing on site. They typically rely on providing payments in-lieu to contribute to affordable housing off-site.

This position would appear to be supported by the viability evidence. Appendix 4 outlines the impact so requiring affordable housing on specialist retirement accommodation and shows that such development is not viable at the 40% affordable housing requirement set out in the this policy. As such we consider that the Council should make an exception for the providers of older peoples' accommodation. Policy 59S should instead seek contributions in-lieu from these providers instead of on-site provision.

Policy H6 Internals space standard for new development

The policy is unsound as it is unjustified

The Written Ministerial Statement dated 25th March 2015 confirms that: *“the optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the NPPG”*. If the Council wishes to adopt the Nationally Described Space Standards (NDSS) this should, therefore, only be done by applying the criteria set out in PPG which states in paragraph 56-020 that: *“Where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies. Local Planning Authorities should take account of the following areas need, viability and timing”*. Our comments on whether this policy has been justified against these tests is set out below.

Need. It is incumbent on the Council to provide a local assessment evidencing the specific case for Hart which justifies the inclusion of the NDSS as a Local Plan policy. If it had been the Government's intention that generic statements justified their adoption then the logical solution would have been to incorporate the standards as mandatory via the Building Regulations which the Government has not done.

The NDSS should only be introduced on a “need to have” rather than a “nice to have” basis. The identification of a need for the NDSS must be more than simply stating that in some cases the standard has not been met it should identify the harm caused or may be caused in the future. However, the Council's topic paper on the NDSS provides no evidence as to the number of new homes being built in the Borough that are below space standards. The Council says there has been a significant increase but provides no evidence as to what this increase is so it is impossible to judge whether or not this is the case. At present the Council evidence on need would appear to be conjecture a concern that in future homes will be delivered below the NDSS. However, there is no evidence to support this position. Without this evidence the Council does not have any justification for introducing the NDSS.

Viability. The impact on viability should be considered in particular an assessment of the cumulative impact of policy burdens. Whilst the Viability study mentions space standards it is not clear how these have informed the viability assessments. The requirement for the NDSS would reduce site yields or the number of units on a site. Therefore, the amount of land needed to achieve the same number of units must be increased. The efficient use of land is less because development densities have been decreased. At the same time the infrastructure and regulatory burden on fewer units per site intensifies the challenge

of meeting residual land values which determines whether or not land is released for development by a willing landowner especially in lower value areas and on brownfield sites. It may also undermine delivery of affordable housing at the same time as pushing additional families into affordable housing need because they can no longer afford to buy a NDSS compliant home. The Council should undertake an assessment of these impacts.

Timing. The Council does not consider it necessary to include a transitional period because, as they state in paragraph 18 of the Topic Paper:

“the principles of the standards have been established and will be consulted on. Developers have become well aware of these standards and accustomed to the need to factor the standards into land acquisitions”

This is not necessarily the case. It must be remembered that this is an optional standard and not a requirement of Building Regulations. The delivery rates on many sites will be predicated on market affordability at relevant price points of units and maximising absorption rates. An adverse impact on the affordability of starter home/first time buyer products may translate into reduced or slower delivery rates. As a consequence, the Council should put forward proposals for transitional arrangements.

The land deals underpinning the majority of identified sites will have been secured prior to any proposed introduction of NDSS. These sites should be allowed to move through the planning system before any proposed policy requirements are enforced. The NDSS should not be applied to any outline or detailed approval prior to the specified date and any reserved matters applications should not be subject to the nationally described space standards.

Policy 14 Open Space, Sport and Recreation

The policy is unsound as it is ineffective

The policy does not provide enough clarity on when onsite provision of open space will be required and when an offsite contribution will be acceptable. The Council state in the policy that they will be agree such contributions on a case by case basis. Whilst we accept that on larger sites there will be a need for a degree of negotiation as to the level of provision required for smaller developments the Council should indicate the size at which sites will under no circumstances be required to provide on-site provision. This would enable smaller sites to come forward more quickly and with greater certainty as to the contributions they will be expected make.

Review of the Local Plan

Paragraph 427 of the Local Plan sets out the Council’s intention to commence a review of the Local Plan in 2021 unless triggered sooner. This would seem to contradict with the Council’s statement in paragraph 109 that states:

“The appropriate level of housing and employment will be monitored, and a review undertaken five years after this plan is adopted, unless evidence suggests a review is needed before this”

We welcome the Council’s commitment to reviewing the local plan but we would suggest that there needs to be consistency as to when this will happen. When considering when to review a local plan it is important to remember that LPAs are legally required to review their plans every five years. This has been clarified in the latest consultation on the changes to the NPPF, which in addition provides clarity as to whether reviews should be completed. Paragraph 23 of this consultation states that “*Reviews should be completed no later than five years from the adoption date of the plan*” which would suggest that the Council’s statement in paragraph 427 should be reflected in paragraph 109 and should be amended to:

“The appropriate level of new housing and employment will be monitored, and a review ~~undertaken~~ completed five years after this Plan is adopted, unless evidence suggests that a review is needed before this.”

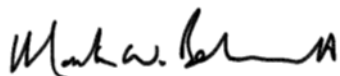
Conclusion

At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 182 of the NPPF, in the following key areas:

- Policy on optional technical standard for accessibility is not justified;
- Requirements relating to self-build and custom housebuilding are not consistent with national policy;
- Affordable housing requirement should not be considered a minimum to be consistent with national policy and requirement for retirement housing to provide on-site affordable housing is not justified;
- The adoption of National Described Space Standards has not been justified;
- Policy 14 on open space is not effective as it does not provide sufficient clarity on when space standards should be applied.

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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