

## Home Builders Federation

### Matter 8 – Housing

#### ***Issue 1 – Whether the housing requirement is justified, effective, consistent with national policy and positively prepared?***

##### Q1. Is Strategic Policy 37: Housing Provision sound?

a) Is the requirement for 13,212 homes between 2023 and 2040, below the local housing need for the area as determined by the standard method justified? Is it clear how the figure has been calculated and should this be explained more clearly in the justification text?

No, the requirement is not justified. The reasoning behind the decision not to meet need is outlined by the Council in paragraph 7.2 and 7.3 of the HDC02. This reflects on the impact of water neutrality and how it has prevented sites from gaining planning permission and being built out earlier in the plan period. HBF would not dispute the fact the requirement for new homes to be water neutral has impacted on delivery of new homes, but this does not mean that it cannot meet needs in full over the plan period. What this does require is for the Council to either identify sites that could deliver their own mitigation measures and as such come forward earlier in the plan period and/or identify additional sites to deliver more homes in the later years of the plan. It is evident from records of past delivery that rates above 900 homes per annum are eminently achievable.

HBF would also suggest that the Council will need to include a strong review policy within the local plan either as part of policy 37 or as a separate policy. The changes to national policy being proposed by the Government mean that the plan will require an immediate review of housing needs and supply to take account of proposed changes to the NPPF that are currently being consulted on, should they be adopted. While these changes have not been confirmed should they remain as presented in the consultation, consideration will need to be given to paragraph 227 in the draft NPPF which states:



*“Where paragraph 226 c) applies, local plans that reach adoption with an annual housing requirement that is more than 200 dwellings lower than the relevant published Local Housing Need figure will be expected to commence plan-making in the new plan-making system at the earliest opportunity to address the shortfall in housing need.”*

The proposed standard method would see HDCs housing needs increase from 917 dpa to 1,294 dpa and, if adopted unchanged, will require the council to prepare a new plan immediately. However, it is the HBF’s experience that without an incentive to review a recently adopted plan these are rarely undertaken rapidly. Therefore, a strong review policy is required that set out clear dates as to when a new plan will be submitted, and the consequences should that plan not come forward in the agreed timescale. HBF would recommend a policy is included in the local plan along the lines of that adopted in the Bedford Local plan 2030 (reproduced in appendix A). This policy was included in the Bedford Local Plan in similar circumstances when the NPPF was amended in 2018 requiring the use of the Standard Method to assess housing needs and HBF would recommend a similar policy is included in this local plan.

*b) Would the adverse impacts of the Plan not providing for objectively assessed housing needs significantly and demonstrably outweigh the benefits of doing so when assessed against the policies in the NPPF taken as a whole? Is the overall housing requirement justified?*

In 2021 the Council produced a local plan that met its own housing needs in full. Its position at this time, prior to the need for water neutrality, is summarised in the SA which states at paragraph 4.16:

*“In light of the wider evidence supporting the preparation of the draft Regulation 19 document dated July 2021, and taking into account the SA findings, an average delivery rate target of 1,100 homes per year was proposed. This sat between Quantum Options 1 and 2, thereby balancing a positive outcome for housing delivery and economic growth with the need to protect and enhance the environment.”*

It was therefore the Council's own opinion that meeting objective assessed needs, and indeed going beyond the minimum assessed by the standard method was sustainably and that the potential adverse impacts were not significantly and demonstrably outweighed by the benefit of meeting needs in full. The only issue with regard to adverse impacts is in relation to the Arun Valley SAC, an issue that the Council say can be resolved on the basis of the proposed mitigation strategy. If these impacts are resolved, then the assumption must be that there is no justification for not meeting housing needs in full.

However, rather than prepare a plan that looked to meet housing needs in full the Council began preparing this iteration of the local plan on the broad assumption that they could only deliver around 800 dpa. So, from the start of preparing the plan that was eventually submitted, the Council were planning to deliver in the region of 800 homes each year and not meet housing needs in full. Initially the work around addressing the issues in the Water Resource Zone (WRZ) focussed on how needs could be met in full, with part B using the trajectory from the Regulation 19 local plan. It was only in Part C that HDC decided that on the basis that the level of growth proposed in the original local plan were unlikely to be achieved due to short term supply side constraints including not only the need for water neutrality but also COVID and BREXIT.

As such the decision by the Council not to meet needs in full does not seem to be based on the constraints set out in paragraph 11 foot note 7 but on the fact that delivery has slowed due to the absence of a mitigation strategy to address the reported impact on the SAC. Therefore, while the impact on a protected habitat is included in the footnote 7 once the mitigation is in place to address any harm from development there is no reason why development should be restricted. It might be the case that there is no capacity within the mitigation measures being proposed, however that is not the argument that has been presented by the council. As such once a mitigation strategy is in place, if it is considered to be sound, the harm to the SAC should no longer be a factor in weighing the adverse impacts versus benefits of meeting housing needs in full.

Significant weight should be given to the fact that prior to the need for water neutrality 1,100 homes per annum across the plan period was considered by the Council to provide an appropriate balance between housing delivery economic growth and the

need to protect the environment. The situation with regard to housing needs, affordable housing supply and the cost of housing have not fallen away since this conclusion was arrived at in 2021. Median House prices are 13 times mean salary in the district, with the median house price rising from £420,000 to £450,000 between 2021 and 2023<sup>1</sup>. The demand for affordable housing is also high. The most recent Strategic Housing Market Assessment (HO1) indicated that affordable housing needs are around 500 dpa, around 65% of the council's proposed requirement of 777 dpa. However, the most recent monitoring data from the 2022 AMR indicates that since 2016 affordable housing supply has varied from between 12% and 26% of the homes supplied each year and averaged at around 220 dpa, much lower than what is needed and an indication of the benefits meeting needs in full would bring to those in need of affordable housing.

There are also significant economic benefits arising from new housing. Research commissioned by the HBF<sup>2</sup> from Lichfields on the economic footprint of new housing shows that last year home building in England and Wales generated £53.3bn of economic output and supported 834,000 jobs, underlining the economic potential of delivering the homes the country needs. The updated calculator also indicates that in Horsham meeting needs in full would for example support over 3,000 jobs and increase retail spending by over £3m each year compared to what would be expected based on the proposed housing requirement.

*c) With reference to evidence, are the stepped annual requirements justified (in principle and scale of the step)?*

HBF's position is that the stepped requirement proposed is not justified as it fails to ensure needs are met in full. If the requirement were to be considered sound, while the principle behind the need for a stepped requirement is in itself not unreasonable the HBF would have expected to the Council to have looked to allocate more sites that could be delivered earlier in the plan period to avoid such a significant step in the housing requirement at 2030/31. Even if capacity might be limited with regard to SNOWs or other offsetting mechanisms, consideration could be given to any sites that are able to provide bespoke mitigation and as such are less constrained than those that would be required to purchase credits through SNOWs or another such scheme.

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<sup>1</sup> Ratio of House Price to Work Place Based Earnings (March 2024, ONS)

<sup>2</sup> <https://www.hbf.co.uk/policy/economic-footprint/>

d) Is the approach to the shortfall (the Liverpool method) justified?

No.

Q2. Are main modifications needed to the Plan to clarify the latest position with regard to the Crawley Local Plan and unmet housing need in the housing market area?

Yes. It is important to recognise the scale of the shortfall arising in the HMA and that it is material consideration when considering planning applications.

Q3. Is there any substantive evidence that the Plan should be accommodating unmet need from neighbours, and if so, would it be sound to do so? In any event, should any unmet needs from other relevant areas be clearly identified in the Plan?

There is substantial evidence showing that there are unmet needs not only within the North West Sussex HMA but also in neighbouring areas. In the first instance the Council should look to ensure that its own needs are met and then consider whether needs arising in neighbouring areas should be taken into account. HBF consider that it would be sound to address the unmet housing needs of other areas within Horsham. HBC and its partners in the HMA should have been considering how this can be achieved within the context of the Natural England position statement rather than use this as a reason to constrain supply over the plan period.

Q4. Should Strategic Policy 37: Housing Provision also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development in line with paragraph 66 of the NPPF?

No comment.

**Issue 2 – Whether the overall housing land supply and site selection process is justified, effective, consistent with national policy and positively prepared?**

Q1. Were the proposed housing allocations selected on the basis of an understanding of what land is suitable, available and achievable for housing in the plan area using an

appropriate and proportionate methodology, and are there clear reasons why other land which has not been allocated has been discounted?

No comment.

Q2. The NPPF at paragraph 74 states strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period? Is this achieved by Figure 6 of the Plan?

More detail must be provided in or alongside the housing trajectory. The chart provided at figure 6 gives only an indication as to the projected supply and HBF would suggest that the projected level of delivery for each source of s housing supply indicated in the chart is also included.

Q3. The Plan does not appear to provide land to accommodate at least 10% of the housing requirement on sites no larger than one hectare as required paragraph 69 a) of the NPPF, why?

HBF consider the failure to meet the 10% requirement on small sites to be a failure of this plan to not only consider its responsibility to support SME house builders. More shod have been done to identify and allocate small sites which not only provide more certainty to SME house builders but also bolster housing supply in the early years of a plan as such a site will come forward more quickly than larger sites. Given the Councils position with regard to short term delivery the principle of allocating small sites should have been a prominent part of its strategy to ensure housing needs were met in full.

Q4. Criterion 5 of the Strategic Policy 37: Housing Provision states 1,680 dwellings are anticipated to be delivered over the plan period from windfall sites? What is the compelling evidence this will be a reliable source of supply? Is this windfall allowance realistic and justified?

While the windfall is not inconsistent with the average windfall over the last 5 years, we would question whether it will be a higher proportion of overall delivery in the early years of the plan. The level of water neutrality credits that will be available is still uncertain and this situation will not necessarily provide the confidence to SME housebuilders to bring forward speculative applications for windfall development in the

early years of this plan. Some windfall development may come forward but there is strong possibility that it will be lower in the early years of the plan.

Q5. What is the housing requirement for the first five years following the adoption of the Plan and what buffer should be applied? Would the Plan realistically provide for a five year supply of deliverable sites on adoption? Is a five year supply likely to be maintained thereafter?

On the basis of policy 37 of the submitted plan the Council's housing requirement for the five years following likely adoption in 2025/26 is 3,242 homes. Added to this is a shortfall of 300 homes for the period 23/24 to 24/25 resulting in a requirement for the five years period 2025/26 to 2029/30 of 3542 homes. The Council have chosen to use a 20% buffer on the basis of its expected Housing Delivery Test measurement. HBF consider it to be a reasonable basis on which to assess five year land supply. However, the buffer to be applied on adoption will depend on whether the proposed stepped trajectory is considered to be sound, as such HBF have looked at five year land supply on the basis of both the 5% and 20% buffer.

Using the Sedgefield approach, as advocated in PPG, and on the basis of a 5% buffer the Council's five year housing land supply requirement would increase to 3,719 homes which against expected supply in the Council's latest trajectory result in a five year land supply on adoption of 4.28 years. Using the 20% buffer this falls to 3.75 years. However, even using the Liverpool approach with shortfall spread across the remaining plan period HBF calculate that the five year land supply would be 4.52 years with a 5% buffer and 3.95 years with a 20% buffer.

In the following years assuming a 5% buffer and using the Sedgefield approach the Council would not have a five year land supply until 2028/29 at the earliest, and even then, it would be just 5.01. The situation is similar using the Liverpool approach with the only difference being the five year land supply in 2028/29 being 5.05 years. This points to the fact that supply is weak in the early years of the plan. Some of this is due to the impact of water neutrality in the WRZ but it also a failure of the Council to include small and medium sized sites that would deliver earlier once mitigation measures are available.

Q6. What is the estimated total supply of developable sites, from each source of supply, for years 6-10 and 11-15? What is the evidence to support this and are the estimates justified?

This is for the Council to answer.

Q7. Is the Council's approach to self-build and custom-built housing consistent with national policy? Is it clear how much of this type of housing will contribute to the overall housing land supply? Where is this addressed in the evidence?

HBF would consider the approach to self-build put forward the local plan to be broadly consistent with national policy. However, if supply were to be increased the HBF would suggest that it identifies specific sites for the delivery of self-build plots that would ensure that the difficulties of delivering self-build homes alongside market housing are avoided.

***Issue 3 – Whether the other housing policies are justified, effective, consistent with national policy and positively prepared?***

Q1. Is Strategic Policy 38: Meeting Local Housing Needs sound? Is it consistent with the relevant evidence, particularly the Strategic Housing Market Assessment?

No comment

Q2. Is Strategic Policy 39: Affordable Housing sound?

- a) Is it consistent with the relevant evidence, particularly the Strategic Housing Market Assessment?
- b) Is the approach to First Homes consistent with national policy?
- c) Is criterion 5 effective?
- d) Would the needs identified be met?

With regard to criterion 5 HBF considers this approach to be unsound as it does not provide sufficient certainty that a lower level of provision will be accepted on a development that cannot meet this requirement in full. The council set out in paragraph 10.46 that it will accept a reduced amount of affordable housing in exceptional circumstances but given that this is only in the supporting text it does not provide the necessary weight to ensure that where a reduced contribution is required that the



decision maker will act on this. This level of flexibility must be included within the policy itself.

Q3. Is Policy 40: Improving Housing Standards in the District sound?

- a) Having regard to the PPG what is the requirement for accessible and adaptable housing in the district and how would the Council's approach meet it or not?
- b) In line with the PPG, what is the evidence which establishes the need for internal space standards in the district?

For council.

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## Appendix 1: Review Policy from Bedford Local Plan 2030.

### **Policy 1 - Reviewing the Local Plan 2030**

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*The Council will undertake a review of the Local Plan 2030, which will commence no later than one year after the adoption of the plan. An updated or replacement plan will be submitted for examination no later than three years after the date of adoption of the plan. In the event that this submission date is not adhered to, the policies in the Local Plan 2030 which are most important for determining planning applications for new dwellings will be deemed to be 'out of date' in accordance with paragraph 11 d) of the National Planning Policy Framework 2019.*

*The plan review will secure levels of growth that accord with government policy and any growth deals that have been agreed. The planning and delivery of strategic growth will be aligned with the delivery of planned infrastructure schemes including the A421 expressway, Black Cat junction, East West Rail link and potentially the A1 realignment.*

*The review will also serve to build stronger working relationships with adjoining and nearby authorities and may result in the preparation of a joint strategic plan based on a wider geography.*