

Sent by email to:
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21/07/2017

Dear Sir/ Madam

**Response by the House Builders Federation to the Guildford Borough
Proposed Submission: Strategy and Sites 2017 Consultation**

Thank you for consulting the Home Builders Federation (HBF) on the amendments to the Guildford Borough Proposed Submission: Strategy and Sites 2017. 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. The comments below build on our previous submission and address issues relating solely to the changes made to the 2016 Proposed Submission Local Plan.

Duty to co-operate

By reducing the housing requirement in the plan to 12,426 new homes the Plan is unsound as the Council have failed to plan positively in relation to meeting the needs of neighbouring authorities.

We continue to have concerns regarding the Guildford Borough Council's (GBC) co-operation with its partners in the Housing Market Area. Whilst Waverley BC is seeking to meet its needs Woking BC continue to plan on the basis of their Core Strategy. Woking's Core Strategy sets out its housing requirement as 292 dpa, this is 225 units below the OAN as established in the 2015 West Surrey Strategic Housing Market Assessment. As such there is clearly a significant amount of unmet housing needs within Woking and that consideration needs to be given within the HMA how this unmet need is going to be addressed. This issue was raised by the inspector as part of the examination of the Woking BC Core Strategy. In his report he stated that:

"Whilst the submitted CS does not plan to meet the objectively assessed housing needs of the Borough, I am mindful that the NPPF indicates that the aspiration to meet housing need is dependent upon consistency with other parts of the Framework. With this in mind and as evidenced by the SA, the Council has considered alternative levels of housing provision, for example, its Option 3 which considered the provision of 594 new dwellings per year."

As there is still a significant amount of unmet need within the HMA it is therefore surprising that the Council has looked to reduce its plan overall requirement by 1400 homes. This is also an issue considered by the inspector at the recent examination hearings for the Waverley Draft Local Plan. During these hearings the Inspector clearly indicated that he considered it appropriate for Waverley and Guildford to accommodate the unmet need from Woking.

Given these wide spread concerns we would have thought that even if a reduction were appropriate then the Council would have considered the wider needs across the HMA before taking such a decision. Given that the SHMA addendum has been solely commissioned by GBC it would appear that the decision has been made solely on the basis of Guildford's needs without any consideration of wider needs across the HMA.

The Housing Topic Paper 2017 does consider the issue of unmet need in relation to the reduced housing requirement. However, its position within this topic paper relates to the Council's consideration as to the relative appropriateness of using specific allocations to address unmet needs from other authorities. In particular the Council focuses on the potential adverse impacts in relation to some allocations. Further deliberation doesn't appear to have been given to the benefits of meeting the wider housing needs of the HMA given the level of need and significant affordability issues identified in the West Surrey SHMA.

We therefore remain concerned that there continues to be a significant level of unmet need across the HMA. In addition there does not appear to be any commitment from Guildford or Waverley with regard to meeting Woking's unmet housing needs. In fact it would appear that GBC are seeking to do the opposite by reducing their own housing requirement. This situation was addressed by the Inspector during of the recent examination in public of the Waverley Local Plan. During the hearing the inspector outlined his concern that there was unmet need within the HMA as a result of Woking being unable to meet their housing needs in full. As a result of this concerns he proposed that half of this unmet need, circa 150 dwellings per annum, be met by Waverley. Whilst recognising that the Guildford Local Plan would be examined separately and it would be for that Inspector to draw their own conclusions he suggested that Guildford adopt a similar approach to take account of Woking's unmet housing need. We would endorse the Inspector's comments and recommend Guildford increase their housing requirement to include a proportion of Woking's unmet needs.

As we recommended in our previous response we think that all three Councils should have looked at preparing a joint local plan or, at the very least, had a clear, co-ordinated and shared approach to considering the delivery of sufficient sites to meet housing needs for the HMA. At present this commitment still remains vague and does not indicate that the plan has been positively prepared as required by the NPPF.

Identified Housing Needs – Spatial Vision and Policy S2

The reduction in the housing requirement is unsound because it is not justified.

We are disappointed that the Council has looked to reduce its overall housing requirement by 1400 dwellings in this latest iteration of its plan. The 2017 addendum to the SHMA now indicates that due to changing economic circumstances the Borough's housing need should be reduced from 693 dpa to 654 dpa.

The consideration of economic factors within any SHMA is to ensure that there is sufficient housing to support the employment growth scenarios set out in the Plan. However, if economic growth is not expected to be as strong as first thought this does not necessarily mean the Council should reduce its housing requirement. Firstly, there is an inherent uncertainty in employment forecasts and as such the NPPG does not require a mechanistic matching of labour supply and planned housing provision. Consideration needs to be given to the level of job growth elsewhere in the HMA, other neighbouring areas and whether it creates unsustainable commuting patterns. However, it would appear that such considerations have not taken place. The study only examines economic growth scenarios for Guildford and does not consider the implications for the rest of the HMA or, indeed, whether lower growth forecasts are applicable across the HMA. As Planning Practice Guidance sets out that employment trends and growth in working age population should be considered across the HMA, the approach taken by Guildford is not consistent with national policy.

Whilst the Council argues that the economic circumstances show a reduced need for housing, the demographic baseline and affordability issues paint a different picture with regarding housing needs. The baseline level of housing need in the Borough, presented in the 2017 addendum, has risen from 517 dpa to 577 dpa. It must also be remembered that the highest demographic projection using the 10 year migration is 584 dpa.

There is clearly an increasing need for housing within the Borough. The 2017 addendum shows the need for affordable housing has increased from 478 dpa to 517 dpa alongside continued house price inflation of 7.5% per annum over the last 5 years. Indeed, the 2017 addendum highlights this issues in paragraph 5.32 stating that:

"It is clear that house price growth has accelerated in the Borough since mid-2013"

The low levels of housing growth in the Borough, coupled with increasing demand and restricted wage inflation, have contributed to making the Borough unaffordable for many of its residents. As highlighted earlier, over the last five years house price inflation has been at 7.5% yet wage growth over the same period has been slightly less than 1%¹. Looking over the longer term, average wage growth over the last 15 years has been just over 2% yet house price growth has been 4%. This worsening scenario has led to the situation identified in paragraph 5.27 of the 2017 addendum which indicates that lower quartile house prices are 11.5 times the lower quartile earnings in the Borough. These

¹ ONS Annual Survey of hours and earnings (NOMIS – June 2017)

market signals would suggest the need for a more significant uplift on the latest demographic baseline of 577 dpa rather than the reduction that is being proposed by the Council.

As we stated in our response to the 2016 draft Local Plan, the NPPG sets out the local authorities' need to consider how past performance will impact on household projections. The 2017 addendum to the SHMA continues to show that the number of households being formed by those between 25 and 34 have reduced. There are clear affordability pressures reducing household formation in this age bracket but poor delivery has compounded this situation. The table below shows that the Council has consistently underperformed against both its South-East Plan target of 422 dpa and its latest assessment of housing need. This underperformance again indicates that the Council should not be looking to reduce its housing requirement in the manner proposed.

Year	Delivery	Target/ OAN
2007/08	478	422
2008/09	130	422
2009/10	227	422
2010/11	190	422
2011/12	262	422
2012/13	234	422
2013/14	137	422
2014/15	242	654 ²

Source: HBF based on 2015/16 Guildford Authority Monitoring Report

Finally, given the growth expectations of London, we are concerned that the addendum dismisses, in paragraph 3.45, any potential increase in migration from London. Whilst we accept there is uncertainty regarding the future dynamics of population flows between Guildford and London, the evidence from the GLA suggest that migration patterns will move towards the rates seen prior to 2008 and the subsequent recession. This would suggest that areas around the Capital, such as Guildford, will see increasing levels of housing need rather than stabilise at current levels. The addendum, at paragraph 3.46, argues that there are no signals that a return is likely since the recovery in 2012. Given that this assumption is based on a single year of evidence we believe limited weight can be attributed to such an argument.

Any reduction in the requirement based solely on economic circumstances would appear to be ignoring wider trends and market signals. We therefore consider the Council's decision to reduce the housing requirement is not justified and as such makes the policy unsound.

If the Council is to amend its housing requirement on the basis of this evidence (something that should be questioned given that it creates inconsistency in needs assessment across the HMA), then it must consider the evidence as a whole. We would suggest that, as a minimum, the London migration sensitivity analysis should be applied to the latest baseline of 577 dpa. It would then be

² Based on annual housing requirement in 2017 draft Local Plan

appropriate to apply a minimum uplift of 20% to this adjusted baseline to take account of the severe affordability issues facing Guildford.

Five-year land supply and housing trajectory

The Plan is unsound as it is ineffective

Firstly, the new paragraph 4.1.9a states that the figures in the Annual Housing Target table sum to 12,426 homes. This statement is not true. The figures sum to 9,810. To sum to 12,426 the target of 654 dpa must be included for the first four years of the Plan period. Whilst this is recognised in the 2017 Addendum to the Land Availability Assessment (LAA) the Council must be clear in the policy and supporting text to ensure that the deficit accrued during this period is properly considered.

We are concerned that the Council has amended the Annual Housing Targets in Policy S1. This now places even greater emphasis on delivery towards the end of the Plan period. This was a concern highlighted in our previous representation. Such an approach means there is a higher risk of the plan failing to meet its housing requirement should any of the major sites being relied on not deliver to schedule. Should this happen it also leaves less time for the Council to address such shortfalls in delivery through its contingency plans. The use of the trajectory in this way appears to be an attempt by the Council to delay delivery and not seek to meet need earlier in the plan. The Council must identify a wider range of sites and in particular smaller sites. The Housing White Paper (HWP) recognised the importance of smaller sites to maintaining consistent supply and we would support the Government's proposal in the HWP that 10% of all housing allocated should be on sites of less than 0.5ha.

Our concerns regarding the deliverability of the plan are exacerbated given the fact that the Council cannot show a sufficient supply of land for the first 5 years that the plan will be in operation. In the Housing Topic Paper the Council have not stated whether they propose to use the Sedgefield or Liverpool approach to assessing five year supply. However, given the statement in paragraph 4.188 it would appear that the Council will be looking to address backlog over the full plan period (The Liverpool method). This is not the approach favoured in the NPPG. As we stated in our previous assessment, there seems to be little reason why bringing forward allocated sites earlier would create any additional harm.

We would therefore propose that, in accordance with national policy, the Sedgefield method is used to ensure that the backlog is delivered as quickly as possible and not 'put off' until later in the plan. We would agree with the Council's application of the 20% buffer to take account of the persistent under delivery of housing in the Borough.

Applying the Sedgefield methodology from a base of 2019/20 means that the Council will need to address a backlog of 1,319 dwellings between 2019/20 and 2023/24. Based on the trajectory in policy S2 they would need to deliver a total of 3,719 dwellings during that period. As outlined above, and in order to take

account of persistent under supply, a 20% buffer would need to be applied. This requires the Council having to identify land to deliver 4,463 new homes in total during this period. The 2017 Addendum to the LAA identifies sufficient supply to deliver 3,582, some 881 homes fewer than required. Even if a 5% buffer were applied (which neither we nor the Council support), there would still be a shortfall of 323 dwellings. This is set out in the table below.

Buffer	5%	20%
Basic five-year requirement 2019/20 to 2023/24	2,400	2,400
Backlog (2015/16 to 2018/19)	1,319	1,319
Total 5-year requirement 2019/20 to 2023/24	3,719	3,719
Buffer applied	3,905	4,463
Less supply 2019/20 to 2023/24	3,582	3,582
Surplus/shortfall	-323	-881

Therefore, when using the Sedgefield methodology even a trajectory skewed towards the later part of the Plan, is not sufficient for the Council to show sufficient supply to meet its requirements during the first five years of the plan. This scenario calls into doubt the effectiveness of the Plan and that, in accordance with paragraph 49 of the NPPF, policy S2 could be considered out of date from the point at which the plan is adopted. As such we believe the plan is unsound as it is not consistent with national policy and nor is it effective as there are serious doubts as to whether it is deliverable over the plan period.

H1: Homes for all

The policy is unsound because it is ineffective and unjustified

The Council have not provided the necessary evidence to support the implementation of optional building regulations M4(2) and M4(3)(b). Planning Practice Guidance is clear that evidence on both need and viability are required in order to justify the implementation of these optional standards. National Planning Practice Guidance is clear that:

“Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations.” Paragraph: 007 Reference ID: 56-007-20150327

“Local planning authorities should consider the impact of using these standards as part of their Local Plan viability assessment.” Paragraph: 003 Reference ID: 56-003-20150327

We are therefore concerned that this addition to policy H1 is not justified and should be deleted.

Part 9 of the policy, which relates to self-build and custom housebuilding, will present considerable difficulties in terms of its implementation. The policy refers

to the requirement for all developments of 100 homes or more to provide plots for self-build and custom housebuilding. However, this would mean that flatted developments would be required to provide such plots. Clearly it would be unreasonable and impossible for such schemes to meet this policy and the Council must be more specific regarding the scenarios in which this policy will apply. At present developers will not be certain as to the implications of this policy. Given that paragraph 17 of the NPPF outlines that predictable decision making is a key element of plan making we consider part 9 of policy H1 to be unsound as it is not consistent with national policy.

H2 - Affordable Housing

The Council have included the following statement at the end of part 1 of policy H2:

“These will be provided on developments providing solely affordable housing either on public sector owned land or development by registered providers.”

It is not clear how this statement refers to the preceding sentence which refers to the working with developers and land owners to increase the number of affordable homes. The sentence would appear superfluous to the policy and should be deleted altogether.

D2: Sustainable design, construction and energy

The policy is unsound as it is inconsistent with national policy and unjustified

We continue to be opposed to this policy on the basis that it is contrary to national policy. National Planning Practice Guidance expressly states that additional requirements on technical standards can only be applied with regard to water, accessibility and nationally described space standards. As such any additional standards such as those relating to carbon reduction in policy D2, which have been increased in the 2017 submission Local Plan, are not consistent with national policy and should not be included within the Plan

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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