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10/08/2018

Dear Sir/ Madam

### **Response by the House Builders Federation to the Regulation 19 consultation on the New Forest Local Plan**

Thank you for consulting the Home Builders Federation (HBF) on New Forest 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. Outlined below are our concerns regarding the soundness of the local plan.

#### **Duty to Co-operate**

The duty to co-operate is the basis for strategic and cross boundary planning across England. The duty is established in legislation which sets out the process all Local Planning Authorities (LPAs) must follow in carrying out the duty to co-operate. However, the legislative framework is also supported by more detailed guidance in both the National Planning Policy Framework (paragraphs 178 to 181) and in Planning Practice Guidance (paragraphs 9-001 to 9-023).

With regard to the legal requirements of the duty to co-operate we cannot comment on whether the Council has fulfilled these as we could find no detailed evidence presented by the Council on this matter. We would have expected the Council to have prepared a Duty to Co-operate statement outlining its activities and the outcomes of those activities. This evidence will need to be provided prior to submission and we therefore reserve the right to comment on this evidence in future.

Even without any great detail on how the Council have worked with its neighbours we remain concerned that there has been insufficient consideration of the unmet needs in the various Housing Market Area (HMA) that cover the Borough and which are identified in paragraph 2.6 of the Local Plan. For example, evidence on housing needs prepared by the Partnership for Urban South Hampshire (PUSH) identified that part of the New Forest DC fell within the Southampton HMA<sup>1</sup>. This identified the need for 57,000 homes

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<sup>1</sup> <https://www.push.gov.uk/work/planning-and-infrastructure/push-position-statement/strategic-housing-market-assessment/>

in this HMA between 2011 and 3026. However, based on the capacity for development in the HMA the PUSH Spatial Position Statement (SPS)<sup>2</sup> stated that not all of the objectively assessed needs for the HMA will be met with the distribution of housing development across the HMA delivering 50,050 homes between 2011 and 2034 (2,176 dpa).

The picture with regard to housing needs in the east of Dorset is less clear and will depend on whether authorities such as Bournemouth, Christchurch and East Dorset can meet their housing needs. Bournemouth Borough Council (BBC) for example have an adopted local plan with a target of delivering 730 dwellings per annum. BBC have begun the process of reviewing their local plan which will need to consider how the area can increase housing delivery to 1,459 dpa to meet needs as identified by the standard methodology. This is a substantial increase and we would expect to see significant co-operation between the authorities with regard to meeting this level of housing needs. In particular we would have expected there to have been discussion as to the overarching relevance of the Green Belt around Bournemouth, part of which is in NFDC. Given the designation of the National Park in 2005 will prevent the coalescence of the Portsmouth/Southampton conurbation with Bournemouth, the primary reason for the establishment of the Green Belt in 1960, the authorities around Bournemouth should be considering its continued relevance as part of the duty to co-operate.

Therefore we are concerned that there has been minimal co-operation strategic and cross boundary issues and that as a result housing needs across the relevant housing market areas will not be met. Given that this is a principle requirement of paragraph 47 of the NPPF there must be significant concerns at present regarding the soundness of this local plan.

### Recommendation

The Council must produce the necessary evidence showing how they have co-operated with respect to key cross boundary issues such as housing supply. Unless comprehensive evidence is provided showing effective co-operation with appropriate outcomes the plan cannot be considered sound. In particular evidence needs to be shown as to how the Council have engaged with Bournemouth and other relevant councils in Dorset with regard to housing needs and Green Belt.

Key to that co-operation will be ensuring housing needs in the relevant HMAs are met in full. If there are any unmet housing needs it is incumbent on the LPAs in the HMA to identify where any unmet needs will be delivered. PPG sets out in paragraph 9-10 that plans should be examined on the outcomes of co-operation not just the activities undertaken. Unless it can be identified as to how an unmet needs are addressed the outcomes of any co-operation cannot be considered effective.

In order to make its plan sound a key starting point for NFDC will be increasing its housing requirement to address some of the unmet needs of the Southampton HMA. At the recent examinations into both the Waverley and Guildford Local Plan the unmet needs arising

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<sup>2</sup> <https://www.push.gov.uk/work/planning-and-infrastructure/push-position-statement/>

from the constraints faced by Woking led to the unmet needs being allocated between Guildford and Waverley. Similarly the Council must engage with its neighbours in Dorset on their housing needs and how these will be met in full.

### **Policy 5: Meeting our housing needs**

The policy is unsound as it does not include any requirement for the unmet needs arising within the HMA.

Policy 5 states that the Council will aim to provide “around 10,500 additional homes” to be delivered between 2016 and 2036 (525 dpa). Our first concern is that the Council have not stated that this is a minimum requirement and as such it is not a positive approach to housing delivery. It is essential that requirements are set as minimum to ensure that decision makers are aware that permissions can be granted that will mean the Council delivering beyond their stated requirement.

Secondly, we are concerned with that the evidence supporting the housing requirement has underestimated the level of housing need. The most recent assessment of needs was set out in the Objectively Assessed Housing Need Final Report (October 2017) and having reviewed this document our key concerns are:

- an under-estimation of the demographic starting point;
- a failure to consider the degree to which economic growth will influence housing needs; and
- a market signals adjustment that will not improve affordability in line with Government expectations.

#### *Demographic starting point*

PPG establishes in paragraph 2a-017 that the official household projections should provide the starting point for estimating overall housing need. However, PPG does allow for sensitivity testing of this data on the basis of specific local circumstances. In considering the starting point it is the Council’s position that the Sub National Population Projections (SNPP), and consequently the Household Projections, are flawed in relation to NFDC and overestimate population growth in the Borough. As such the Council have decided to depart for the 2014 based projections and use an alternate approach which uses the 2016 based mid-year estimates and a ten year migration trend. This approach reduces population and household growth substantially.

In considering the appropriateness of this methodology it is now possible to assess the Council proposed estimates against the latest 2016 based SNPP. The outcomes of the latest SNPP is that the population of NFDC is expected to grow by 12,500 people between 2016 and 2036. This is higher than the Council’s proposed growth of 11,934 people but significantly lower than the 2014 based projections. This would suggest that the the 2014 based projections did over-estimate population growth in the Borough. However, it would also appear that the Council’s own estimates of population growth are too low. Given the latest data on population growth we would suggest that the 2016 based SNPP are used as the starting point for the consideration of household growth and not

the Council's projections using mid-year estimates. This would be consistent with PPG which requires consideration of the most up-to-date estimates of future growth.

As well as considering the latest demographic data paragraph 2a-015 of the PPG requires LPAs to consider whether household formation rates have been suppressed due to an under-supply of housing. The Council's 2017 report on Objectively Assessed Housing Needs outlines in paragraph 5.30 that there has been a potential under supply of between 1,400 and 1,900 homes. Given this degree of under supply against housing needs there is likely to have been some suppression in household formation and that this should be taken into account either through an amendment to the demographic projections or a greater uplift to market signals.

### *Economic Growth*

Paragraph 2a-018 of PPG states that plan makers should make an assessment of the likely change in jobs numbers based on past trends and/or economic forecasts. However, the approach taken by the Council has been to focus solely on the supply of labour. No assessment has been made as to whether this will be sufficient to meet the number of jobs expected to be present in the Borough by 2036 without the formation of unsustainable commuting patterns and a reduction in the resilience of local businesses. Not only it would appear that the Council have not considered jobs growth in relation to housing needs but that there is no evidence as to future jobs growth, a fundamental requirement of plan making. If the Council have not estimated the level of jobs growth within the Borough it cannot know whether the level of housing and employment related development will be sufficient to meet future needs without the consequential impacts outlined in PPG. This is a fundamental failing of the local plan and without the necessary assessments of economic growth it cannot be considered sound.

### *Market Signals*

The Council's assessment of the market signals for New Forest show an area that has had concerns regarding the affordability of its homes for a number of years. Between 2004 and 2015 the lower quartile ratio has hovered between 10 and 11. This is unsurprising given the relatively low housing targets of the past which have meant that need have not been met, as outlined in paragraph 5.30 of the 2017 OAN report. However, what is concerning is that the latest data on affordability published by Government show that the lower quartile affordability ratio increased to 11.83 in 2016 and rose again in 2017 to 12.04.

To address these concerns the Council proposes that a 15% uplift should be applied. However in considering the degree to which the demographic projection should be increased it is important to consider the key aim of this uplift. PPG states in paragraph 2a-020 that:

*“Market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable*

*development, could be expected to improve affordability, and monitor the response of the market over the plan period.”*

However, whilst an understanding of the precise impacts of any uplift is not required PPG is clear that there is an assessment as to whether the level of overall supply of new homes being proposed is likely to improve affordability. Having reviewed the Council’s evidence we could find no assessment as to whether or not the level of housing being proposed will have any impact on affordability.

In considering whether or not the housing requirement will improve affordability we consider it important to reflect on the Government’s aspirations are with regard to housing supply. In the 2017 Autumn Budget statement the Chancellor announced the Government’s target for house building across the country stating:

*“I’m clear that we need to get to 300,000 units a year if we are going to start to tackle the affordability problem, with the additions coming in areas of high demand.”*

This target has since been reiterated by the Prime Minister and Secretary of State for Housing, Communities and Local Government. What is important about this and other statements made by the Government is the assertion that this is the level of delivery required to improve affordability, and that additions should be focused in the areas with highest demand, and consequentially the worst affordability. The Government’s target is also clearly based on the evidence submitted by the Treasury to the House of Lords Select Committee on Economic Affairs suggested that to stabilise house price growth and prevent affordability from worsening would require between 250,000 and 300,000 new homes to be built each year.

The importance of the 300,000 target in meeting needs and improving affordability can also be seen in the revised PPG which recognises that even with the expected reduction in household growth in the 2016 based projections the Government will adjust the methodology accordingly:

*“It should be noted that the intention is to consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in ‘Planning for the right homes in the right places’ consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid-2020s.”*

The changes to the NPPF and PPG made to facilitate this level of delivery on their own indicates that past uplifts have been insufficient to address affordability. It is therefore important to ensure that uplifts for market signals for those plans being submitted prior to the implementation of the standard method are at a level that will enable this target to be delivered. In order to deliver 300,000 per annum requires an increase to the current national housing stock<sup>3</sup> of about 1.25%. Given the variability of affordability across the

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<sup>3</sup> 23,950,000 (DCLG Table 100 Dwelling Stock: Number of dwellings by tenure and district: England; 2017)

country this would require greater increases above existing stock in those areas which are least affordable. It is evident is that in order to deliver the homes needed, and also improve affordability, the uplifts to baseline demographic projections of household growth must be greater than have been applied since the publication of the PPG. For example, to increase housing stock in New Forest DC by 1.25% per annum would require the delivery of 1,019 dpa<sup>4</sup>. Whilst this is a crude estimate and does not take into account the fact that some areas will deliver more than a 1.25% increase to the housing stock, it does suggest that delivering 525 dpa will not impact significantly on affordability.

We would suggest that when considering its market signals uplift consideration should be given to past under delivery. The paper on Objectively Assessed Housing Needs recognises that whilst New Forest DC has met its past requirements these were constrained through the regional plan. Paragraph 5.30 recognises that the shortfall was somewhere between 1,400 and 1,900 homes. This a substantial amount and should be given substantial weight when considering the level of market signals uplift.

On the basis of the worsening trends with regard to affordability, the substantial backlog of need arising from a constrained housing target and the need to ensure the Council seeks to support Government aspirations with regard to housing delivery we would suggest a market signals uplift of at least 30% is required.

### *Conclusions and recommendation on OAN and housing requirement*

We have serious concerns regarding the Council's assessment of its OAN. Firstly, the Council must look to use the most up to date information on population growth set out in the 2016 SNPP. These establish a higher demographic starting point and should form the basis for any consideration of housing needs. Secondly, there has been no assessment of economic growth. The approach taken focusses solely on the growth in economically active population and does not consider whether economic growth within the Borough will require increased housing to support that growth. Finally, the assessment of market signals fails to consider whether the proposed uplift and final OAN will improve affordability as is required by PPG when considered against what Government considers is required to improve affordability As such we consider the adjustment made for market signals is insufficient and should be substantially increased. As such the level of housing being proposed in this plan is neither justified, consistent with national policy or effective and cannot be considered sound.

## **Housing land supply**

### *Stepped target and five year land supply*

The Council have included within Policy 5 a stepped trajectory which sets a target of 1,150 (230 dpa) for 2016/17 to 2020/21, 2,250 (450 dpa) for 2021/22 to 2025/26 and 7,100 (710 dpa) for the remaining 10 years. It is clear that the stepped trajectory reduces the backlog in housing supply at the start of the plan and is being used by the Council as

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<sup>4</sup> Current housing stock in New Forest DC of 81,530 (DCLG Table 100 Dwelling Stock: Number of dwellings by tenure and district: England; 2017)

a way of achieving a five year land supply on adoption. Such an approach is not consistent with PPG which states at paragraph 3/035:

*“Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible.”*

The impact of this decision can be seen when the delivery trajectory is considered against an annualised target of 525 dpa. On the basis of the delivery trajectory set out in Table 13 of the Strategic Housing Land Availability Assessment the Council will have a backlog of housing supply until 2028/29. In fact the Council would see their backlog grow from 175 dwellings to 1,383 dwellings during the first five years of the plan. Such an approach is fundamentally against the aims of the Government which is to increase delivery in order to address past under supply, meet future needs and improve affordability. It is evident that in using a stepped trajectory the Council will not achieve any of these key requirements of a local plan and as such the proposed stepped target cannot be considered sound.

On the basis of the an annualised trajectory the Council cannot show a five year housing land supply on adoption of the plan which we have assumed to be 2019/20. Using the Council’s delivery trajectory, a 20% buffer and addressing the backlog within the first five years we estimate that the Council has just 1.94 years’ worth of housing land supply on adoption of the plan. Even with a 5% buffer and the backlog addressed across the plan period the Council would still only have a 2.73 year housing land supply.

However, even if the stepped target is used as proposed by the Council we would still not consider there to be a five year housing land supply on adoption. The Council’s calculation of the five year housing land supply is made on the basis of the plan being adopted in 2020/21. Given this consultation on the submission local plan will close in August 2018 this would seem a pessimistic timescale for examination and adoption. We would suggest that the assessment of the five year land supply is made from 2018/19. This indicates that on the basis of a 20% buffer and the stepped target the Council would only have a 4.39 year housing land supply.

The outcome of either of these scenarios is that the Council would not on adoption of the local plan have a five year housing land supply as required by paragraph 47 of the NPPF. This would mean that paragraph 49 of the NPPF would apply and the plan would not be judged as being up to date and applications for housing development would be considered on the basis of the presumption in favour of sustainable development.

#### *Total housing supply*

The HBF does not wish to comment upon the acceptability or otherwise of individual sites. It is, however, important that all the sites contained within the plan are deliverable over the plan period. The Council’s assumptions on sites in relation to delivery and capacity should be realistic based on evidence supported by the parties responsible for housing delivery and sense checked by the Council based on local knowledge and historical empirical data.

However, it is important that the plan should seek not only to provide sufficient development opportunities to meet the housing requirement but also to provide a buffer over and above this requirement. The SHLAA sets out that the Council expects to deliver 10,508 homes over the plan period in order to meet housing needs of 10,500. This leaves very little room for delay or under delivery at any of the sites allocated in the local plan. We would therefore suggest that the Council seek to provide a buffer of at least 20% in its housing supply.

The reasons for the inclusion of such a buffer are two-fold. Firstly, the NPPF is clear that plans should be positively prepared, aspirational and significantly boost housing supply. In this regard the housing requirements set within the plan should be viewed as a minimum requirement, an interpretation that is consistent with numerous inspectors' decisions following local plan examination. Therefore, if the plan is to achieve its housing requirement as a minimum, it stands to reason that additional sites are required to enable the plan requirements to be surpassed. Secondly, additional sites provide the required flexibility should some sites not come forward as expected. A buffer of sites will provide ensure more opportunities for the plan to deliver its housing requirement.

#### *Conclusions and recommendation on land supply*

We do not consider the Council's approach to housing land supply to be sound. Firstly the plan seeks to push back delivery of supply to later on in the plan through the use of a stepped housing target. Such approaches are contrary to the approach set out in PPG as well as the objectives of the Government to improve supply and address affordability. The Council should use an annualised average target across the whole period. On the basis of an annualised target the Council will not have a five year housing land supply on adoption and as such the plan cannot be considered sound. Finally, the Council's total land supply provides no flexibility should any of the sites not come forward as expected.

In order to make the plan sound the Council must look to allocate more sites that will come forward earlier in the plan period. This will ensure that the backlog in housing needs addressed in the manner required by PPG as well as providing greater flexibility towards the end of the plan should delivery of any of the allocated sites be delayed.

#### **Policy 17 Affordable housing**

##### This policy is unsound as it is not justified or effective

The Council have proposed two affordable housing requirements that reflect the viability within the different areas of the Borough. Whilst we welcome such an approach we are concerned that the level of affordable housing being proposed in both these areas is likely to have a disproportionate effect on smaller sites across the Borough. The results of the viability assessment indicate that for larger sites both the 50% and 35% requirement are viable. However, for small sites of between 10 and 50 units the results of viability assessment shown in figure 3.2, 3.4 and 3.6 indicate that this level of affordable housing is either unviable or at the margins of viability. Whilst the majority of proposed development in the plan is on larger sites nearly 1,000 homes will be delivered on smaller sites. This is a significant amount of housing and is required for the Council to meet



housing needs. If the policies in this local plan make the development of such sites marginal there is a significant risk that they will not come forward.

We recognise and welcome that the Council has included some flexibility within the policy to take account of development viability. However, a more positive approach would be to set the affordable housing requirements at a level that would allow smaller sites to come forward without the need for negotiation and the uncertainty this brings to any application for a planning permission. In addition such an approach would be consistent with the Government's aspiration to bring forward more housing on smaller sites in order to support SME house builders and speed up delivery in the early years of local plans.

#### Recommendation

That for sites of between 10 and 50 units the affordable housing requirement be reduced to support the delivery of small sites.

#### **Policy 31: Safe and sustainable travel**

Part iv of the policy is unsound as it is not consistent with national policy and part v is not effective and inconsistent with national policy.

The Council does not set out in this policy what is required by an applicant with regard to parking provision. The Council have stated that this will be included in SPD. The approach taken by the Council is therefore unsound as it does not comply with legislation that prevents the Council from setting policy in supplementary planning documents, which cannot be challenged through an Examination in Public. This principal was most recently tackled in *William Davis Ltd & Ors v Charnwood Borough Council* [2017] EWHC 3006 (Admin) (23 November 2017) where supplementary planning document strayed into an area that should be considered by a development plan document. This decision quashed an SPD that contained policies that clearly encouraged and imposed development management policies against which a development could be refused. Policy can only be established through the Local Plan to ensure these cannot be amended without the required consultation and examination in public.

As it is currently worded part v of the policy provides no guidance to applicant or decision maker as to what is an appropriate level of provision. As it is written it would be impossible for an applicant to gauge what is expected of them and whether it will be sufficient to meet this policy. It is therefore inconsistent with both paragraph 17 and 154 of the NPPF which require policies to support effective decision making with a predictable outcome.

#### Recommendation

Parking requirements currently proposed to be established in the SPD should be set out within an appendix to the Local Plan.

Part v of the policy be deleted.

## **Policy 35: Development standards**

### The policy is unjustified and inconsistent with national policy

Firstly, the Council should remove the word exceed from the first sentence. The Council can only require development to meet optional technical standards. The inclusion of exceeds could lead to unnecessary confusion with regard to decision makers and the scope of the policy.

#### *Part i - Accessibility standards*

Whilst we recognise that there may be the need to provide some market homes to the higher access standard in order to provide choice within the market we do not think that there is evidence to support all homes being built to this standard. Population growth within the New Forest is clearly driven by an ageing population. However, the Government requires this to be based on the need for more accessible homes. All new homes are already built to a far higher accessibility standard than the majority of existing homes. Part M4(1) provides a level of accessibility that will be suitable for the majority of older people, even those with a degree of limited mobility. The evidence would indicate that there is likely to be a growing need for more accessible and adaptable homes however the Council may need to decide whether it can achieve all its policy requirements and maintain development viability. As we highlighted earlier in our representation the Council are already pushing a significant amount of new development to the margins of viability and the Council will need to decide whether it seeks to compromise on optional standards, affordable housing or infrastructure. We would therefore recommend that the Council include greater flexibility within the policy where the provision of these optional standards is either financial unviable or technically not feasible. Such a provision would ensure the policy is consistent with paragraph 56-10 of PPG.

#### *Part iv – provision of high speed fibre broadband connection*

Following the Government's *Housing Standards Review*, the Written Ministerial Statement of 25 March 2015 announced that local planning authorities preparing Local Plans "*should not set any additional standards or requirements relating to the construction, internal layout or performance of new dwellings*". In terms of the construction, internal layout and performance of new dwellings local planning authorities are only allowed to adopt the three optional technical standards, subject to evidence of need and viability. Council's should not seek higher standards than Building Regulations on any other technical standard – including Part R1 Physical infrastructure for high speed electronic communications networks.

## **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:

- No evidence has been provided by the Council with regard to how it has fulfilled its duty to co-operate;

- No increase has been made to take account of unmet needs arising within the Southampton HMA;
- An under estimation of the housing needs for the Borough;
- The application of a stepped trajectory and a failure to demonstrate a five year land supply on adoption of the local plan;
- The failure to consider the clear viability impacts on smaller developments arising from the affordable housing policy and the proposed development standards in policy 35.

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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