

HBF response to Harborough Local Plan (March 2025) Examination

Matter 3: Amount and Distribution of Development

HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

Please note that we have not responded to all the questions only those of relevance to our members, and reflecting the issues in the Reg 19 response that HBF submitted.

Although we recognise that this Plan is being progressed under the 2024 NPPF, the existence of the 2026 and the introduction of national DM policies will have implications for decision-making within Harborough cannot be entirely ignored, and as such HBF have referred to this new NPPF where this is relevant to our concerns about the soundness of this plan.

Stage 2 Matters, Issues and Questions (MIQs)

Matter 3: Amount and Distribution of Development

Whether the Amount and Distribution of Development is positively prepared, justified, effective and consistent with national policy?

Policies DS01, DS02, DS03, DS04, DS05, SA01 and AP01 to AP05

Issue 1: Spatial Strategy

1. Does the Plan clearly articulate its spatial strategy?

HBF do not comment on individual sites, but we would expect the spatial strategy to set out a clear approach to meet the housing needs of the area in full in a way that is deliverable and viable. HBF is concerned that the spatial strategy adopted has impacted on the deliverability of this Plan especially in relation to the villages and rural areas. We also note the over-reliance on large strategic sites, which have proven to be difficult to deliver quickly in Harborough, has also resulted in a stepped trajectory. Positive planning should result in a Plan that meet the whole needs of the area in full, and the consequences of the spatial strategy chosen and the way it has been implemented undermine this. There is simply no substitute for the allocation of sites.

We find this policy is unsound because additional housing allocations are required. We are of the view, for the reasons details elsewhere in our representation, so not repeated here, there need to be more housing allocations, this may require reconsideration of the spatial strategy so additional available sites can be allocated.

2. Is the spatial strategy as set out in Strategic policies DS01 to DS05, and elsewhere in the Plan, an appropriate strategy, taking account of reasonable alternatives, and based on proportionate evidence?

As we have set out elsewhere in our responses HBF are concerned that insufficient thought had been given to the viability and deliverability of the Plan when considering and assessing options.

3. Have all realistic options for the distribution of development within the District been identified and considered robustly in the formulation of the Plan?

No. HBF would have expected the Plan to arrive at a distribution of development that addresses the housing crisis as quickly as possible. The current Plan does not do this.

Issue 2: Delivering Homes

Policy DS01 Development Strategy: Delivering Homes

1. The Settlement Hierarchy Assessment January 2025 [PPL-NLP1] scores settlements and groups them according to a number of sustainability factors, which provides the settlement hierarchy in the District. That underpins the hierarchy set out in Policy DS01 and AP01. Is the methodology in determining the Plan's settlement hierarchy robust and the outcomes accurate? Is the distribution of development between the tiers of settlements justified and how has it been established?

As we said in our Reg 19 response which are no repeated here HBF have concerns about the settlement hierarchy process and the failure to fully understand and value the opportunities new development can offer to help improve the sustainability of places.

2. Is the proposed distribution of housing supported by the evidence in the Strategic Housing and Economic Land Availability Assessment (SHELAA), [HSG-NLP4 to 6] settlement hierarchy, and SA, and will it lead to an appropriate pattern of housing growth?

As we have said in our Reg 19 response, additional sites are needed for many reasons including delivering affordable housing, supporting SMEs and to ensure the Plan is effective, viable and deliverable. As more housing growth and more allocations are needed, this will impact on the pattern of growth.

3. Would the Plan's spatial strategy strike the right balance between the need for development across brownfield and greenfield sites and any related impact on housing affordability?

HBF remain concerned that the viability and deliverability of the Plan has not fully taken into account all the challenges facing the development industry in the short, medium

and longer term. We note that challenges facing developers at this time through the increasing regulatory burden, economic circumstances and wider challenges facing the industry. These challenges are impacting different developers, and different types of sites in different ways. For example, we note that BNG has proven to be particularly difficult to deliver on small brownfield sites, and this has caused increased costs through both direct costs and time delays, as well as impact on the number of homes that can be provided on sites, as land used for on-site BNG is not available for housing development. As a result of these problems the Government has amended the BNG requirements to introduce a 0.25 HA exemption and to change the requirement for the smallest sites so on-site and off-site delivery are both possible, but this will still impact of the viability of schemes.

4. How has the Plan's aim to accommodate some of Leicester's unmet housing need been reflected in the Plan's spatial strategy? Does it strike the right balance between promoting development between the Leicester urban area and the District's market towns?

HBF are unclear if and how any locational requirements relating to the unmet needs of Leicester have been considered and/or informed the site selection process. Although HBF do not comment on individual sites we would expect the Plan to deliver housing to meet need in a variety of locations across the District in a way that is both viable and deliverable.

Issue 3: Housing Need and Requirement

1. The Plan area's housing need is calculated using the standard method set out in PPG [ID: 2a-002-20241212] [ID:2a-004-20201216]1 That results in a Local Housing Need (LHN) figure for the District of 534 homes per year. The Council in its response to the Panel's PQ 16 confirms that its latest calculation of LHN is in 2022 [HDC2]. The Plan's housing requirement includes an element of LHN plus an allowance for unmet needs in the Leicester City. The Plan's housing requirement is the same as the housing to be delivered by this Plan.

In deriving the Plan's housing requirement from the calculation of LHN, should supply prior to the latest calculation of LHN be taken into account? Given that the PPG explains that the purpose of the affordability adjustment applied in the Standard Method takes account of past delivery would this be a justified approach consistent with national policy? [ID: 2a-011-20241212] [2a-01120190220]2

Local plans are meant to look forward at what needs to be delivered with past delivery being taken into account through the standard method. The standard method also requires the affordability adjustment to be the most recent data. This adjustment is to reflect the price signals in the market and ensure that housing needs are responding to

these signals which suggests that the starting point for any plan should be the year to which the affordability ratio relates.

2. The Panel notes the Council's response to the Panel's PQ16 [HDC2]. If the Panel were to decide that the Plan's housing supply prior to the latest calculation of LHN should be discounted from its housing requirement, what is the implication for the Plan housing requirement?

HBF note that the housing requirement should be the minimum housing numbers delivered over the Plan period. We are in the midst of a housing crisis and national Government policy is seeking to deliver 1.5 million new homes within the Parliament. As such national policy expects an uptick in housing delivery. In light of our comments on the plan period, and our support for an increase in the housing requirement in this Plan, and our support for more housing in Harborough to help meet more unmet needs from Leicester City and Oadby and Wigston, support economic growth and deliver more affordable homes, HBF do not see merit in reducing the housing requirement.

3. NPPF paragraph 63 sets out, in the context of establishing need, the size, type and tenure of housing needed for different groups in the community that should be assessed and reflected in planning policies. The non-exclusive list of those with specific housing needs includes those who require affordable housing, families with children, older people, students, people with disabilities service families, travellers, people who rent their homes and people wishing to commission or build their own homes. How has the Plan assessed and sought to meet the needs of those with specific housing needs as required by NPPF paragraph 63?

HBF are unclear how this has been considered. We also would be keen to understand if there is a particular type of housing needed to help meet Leicester's unmet needs.

There are particular challenges facing the viability of housing for older people.

HBF also note that the self-build register is open for anyone to apply to join, without any checks financial or otherwise as to how realistic or achievable the desire for a self-build home actually is. We also question if there is a mismatch between the kind of plots and locations that self-builders are looking for, and the kind of plots that would be delivered through this Plan.

4. NPPF paragraph 67 sets out that strategic policies should set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations. Would the Plan be consistent with this national policy?

HBF are generally concerned about the reliance being placed on Neighbourhood Plans to deliver the housing requirement as Neighbourhood Planning is an entirely voluntary activity. Setting a requirement for a neighbourhood area is only the first of many steps

that would be needed for a housing site to be delivered. The NP would have to identify a site, pass its inspection and be supported in the referendum, and then the site would then need to be brought forward through the planning permission process. We note that Harborough has a long history of Neighbourhood Planning and some sites have been allocated. We however remain concerned about the viability and deliverability of such allocations.

Again, HBF note that there is simply no substitute for the allocation of a site in a Local Plan.

Issue 4: Leicester City's Unmet Need

1. The Plan's housing requirement includes an allowance for Leicester City's unmet need until 2036. This is made up of a requirement above LHN of 123 homes per annum 2020-2036 based on evidence in the Housing Distribution Paper (June 2022) [HSG-NLP3]. What is the robust justification for this approach?

HBF support the joint working efforts that have occurred in Leicester and Leicestershire over many years. These authorities have been trying to work together to ensure that Leicester's needs are addressed in full, and unmet needs have been redistributed through a process of agreement. We acknowledge that there has been some recognition in the spatial strategy of Harborough of the opportunity for development on the edge of the Leicester conurbation even though this is outside of the City boundary. HBF therefore support an increased housing number for Harborough, however in light of the housing crisis and the longstanding and ongoing nature of the unmet need, a higher increase figure could be justified.

2. Should the Plan's housing requirement include provision for unmet need beyond 2036? Has Leicester City's unmet need beyond 2026 been quantified through 1PPG reference extant in December 2023 included for completeness 2PPG reference extant in December 2023 included for completeness the local plan process? In the absence of robust evidence justifying Leicester City's capacity, is there robust evidence to support such an approach?

HBF would support the extension of and increased housing requirement to help to meet the unmet housing needs of Leicester beyond the 2036. The City's tightly bounded nature and the functional role of wider Leicester Urban area are known facts. The recently adopted Leicester Local Plan was able to demonstrate to the satisfaction of the Inspectors that the City was doing what it could to maximise supply of housing within the city limits.

Although in the medium to long term to new SDS may be a way that the unmet need of Leicester can be redistributed, the uncertainty around Local Government reorganisation and the inability of SDSs to allocate sites mean that failing to address this issue now,

will result in the unmet need of Leicester beyond 2036 being unaddressed and unplanned for, for many years to come, which in our view would be unsound.

Issue 5: Housing Supply

1. PPG confirms that a Plan's housing requirement may be set as a stepped requirement in plan-making where this is appropriate to reflect circumstances within the area. In doing so, planning authorities will need to set out the stepped requirement in the strategic housing policy and provide evidence to support this approach. [ID: 68-012-20190722]

It also confirms that a stepped housing requirement may be appropriate where there is to be a significant change in the level of housing requirement between emerging and previous policies and/or where strategic sites will have a phased delivery or are likely to be delivered later in the plan period. [ID: 68-02120190722]

The Plan includes a stepped housing requirement. What is the robust justification specific to this Plan's circumstances to justify the approach taken?

HBF have significant concerns about the stepped trajectory being proposed in this Plan. Although we recognise that PPG allows for stepped trajectories, a key starting point for any spatial strategy should be to ensure that the plan delivers homes consistently across the plan period and does not seek to unnecessarily delay the delivery of new homes. Within the local context Harborough has a buoyant housing market.

The strength of the market and demand for new homes in Harborough would suggest that with the right mix of small, medium and large sites available the Council should be able to deliver homes consistently cross the plan period. Therefore, the Council must do all it can to avoid pushing back the delivery to new homes to later in the plan period on the basis of its spatial strategy. If the Council choice of strategy reveals it cannot meet needs and does not have a five-year land supply on adoption it should seek to allocate additional sites not to amend the trajectory. A stepped trajectory should only be entertained once all other steps to ensure a consistent supply of homes across the plan period have been considered to show that the Council is not, as required by paragraph 68-12 of PPG, unnecessarily delaying meeting identified development needs.

2. Will the Plan provide a supply of deliverable and/or developable sites and/or broad locations to meet the full housing requirement for the whole of the Plan period?

HBF have significant concerns about the viability and deliverability of the strategy when all of the policy asks, CIL contributions and s106 requirements are taken into account. Additional flexibility within the policy requirements is needed for the Plan to be sound.

3. It is intended that the Plan's housing requirement will be met through new local plan allocations, a small villages requirement, a windfall allowance, commitments (extant

planning permissions and neighbourhood plan allocations), and completions since the beginning of the new plan period (1 April 2020).

Should the supply prior to the latest calculation of LHN be taken into account?

HBF have made comments about the Plan period in our response to Matter 1, Issue 5. These are not repeated here, but are relevant to this question.

4. Would the Plan promote the development of a good mix of sites, including small and medium sized sites in accordance with NPPF paragraph 70? Would the Plan provide land to accommodate at least 10% of the housing requirement on sites no larger than one hectare?

HBF supports the NPPF requirement that Local Plans to identify land to accommodate at least 10% of the housing requirement on sites no larger than one hectare. HBF has undertaken extensive consultation with its small developer members. One of the chief obstacles for small developers is that funding is extremely difficult to secure without a full, detailed, and implementable planning permission. Securing an implementable planning permission is extremely difficult if small sites are not allocated. Without implementable consents lenders are uneasy about making finance available or the repayment fees and interest rates they set will be very high. Small sites should be allocated.

Small developers, consequently, need to invest a lot of money and time up-front in the risky business of trying to secure an allocation and a planning permission, and this is money that many small developers do not have. HBF would therefore wish to see the 10% small sites allowance delivered through allocations (and not windfall). Such sites are important for encouraging the growth in SME housebuilders who will tend to develop these sites but rarely see the benefits that arise from the allocation of sites in a local plan. Up until the 1980s, small developers accounted for the construction of half of all homes built in this country resulting in greater variety of product, more competition, and faster build-out rates. Since then, the number of small companies has fallen by 80%.

HBF also notes that support for small and medium builders need not be limited to only small sites of less than 1Ha. SMEs also deliver on other types of non-strategic sites (for example up to 100 units). The inclusion of additional non-strategic allocations would expand the range of choice in the market and be of a scale that can come forward and make a contribution to housing numbers earlier in the plan period.

5. NPPF paragraph 72 expects that where an allowance is to be made for windfall sites as part of anticipated supply, there should be compelling evidence that they will provide a reliable source of supply, taking account of strategic land availability, historic windfall delivery rates and expected future trends. The Plan's expected housing supply includes

a windfall allowance of 450 homes from 2031 to 2041. Would this accord with national policy?

HBF have concerns about the windfall allowance and its justification.

6. The Plan's housing supply includes a small villages requirement. That is made up of completions 2020-2023, commitments (at 1 April 2023), and new growth through this Plan of 350 homes. Plan paragraph 4.16 outlines that small villages have housing targets. What is the robust evidence to justify these housing targets?

HBF are concerned that setting a target for a village housing requirement is not the same as identifying a site and allocating it.

7. The Plan references prescriptive housing figures for individual villages, such as 23 units in Leire, and 49 units at Dunton Bassett. Are these figures envisaged to be treated as a cap on development? Is such an approach consistent with the objective of NPPF paragraph 60, to significantly boost the supply of homes?

In light of the housing crisis, and the fact the housing requirement should be a minimum figure, HBF cannot support any efforts to 'cap' housing numbers in sustainable rural settlements. This is one area where the new 2026 NPPF will interact with the policies in the Harborough Local Plan now that the principle of yes to development within settlement has been established in the new NPPF.

8. How have allocations in Made Neighbourhood Plans been taken into account in deriving the Plan's housing requirement?

As we have set out elsewhere in this MIQ response HBF have concerns about relying on Neighbourhood Plan allocations to deliver housing on the ground, especially in light of the viability and deliverability challenges facing developers in the short, medium and longer term.

9. Would the Plan deliver an appropriate balance between size of site, given the longer lead in times associated with larger sites? Would the Plan's reliance on large strategic sites, including East of Lutterworth Strategic Development Area (SDA), put delivery at undue risk? And if so, how would this be mitigated?

Experience to date has shown that the delivery of SDA's within Harborough have taken longer and been more complex than originally anticipated. HBF are concerned that the focus on large SDAs, whilst an important source of new supply, should not result in a delay to meeting housing needs now. The need for a steeped trajectory indicates to greater reliance is being placed on large complex sites and additional small and medium sites need to be allocated and brought forward sooner.

A range of sites, in a range of location in a range of sizes is needed for the Plan to be found sound. An overreliance on SDA delivery will mean the immediate housing

pressures facing Harborough and the longstanding unmet need from Leicester remain unaddressed in the short to medium term.

Issue 6: Five-Year Housing Supply

1. NPPF paragraph 69 requires that the Plan identifies a supply of specific, deliverable sites for five years following the intended date of adoption. The Council provides an assessment of its five year housing land supply from adoption in appendix 2 to its response to the Panel's PQs [HDC2]. That assessment includes an allowance for small villages (117 homes). In so doing would this accord with national policy? Would this be a justified approach?

HBF does not believe that the Council has demonstrated that the small villages allowance is a reliable source of housing supply that will deliver within the first five year of this plan post adoption. Again, we reiterate that there is simply no substitute for allocating sites in the Plan.

2. The Council includes 222 homes for minor sites (fewer than 10 dwellings) contributing to the 5-year supply from 1st April 2028. What is the robust evidence to justify this approach?

HBF are unclear as to what evidence supports this approach. Again, we reiterate that there is simply no substitute for allocating sites in the Plan.