

Sent by email to: info@oxfordshireplan.org

07/10/2021

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the Oxfordshire 2050 Plan

1. Thank you for consulting the Home Builders Federation (HBF) on the latest iteration of the joint strategic plan for Oxfordshire. 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.

Duty to co-operate

2. When undertaking their duty to co-operate with regard to the preparation of this local plan the Councils involved will need to consider the strategic issues that are present across the wider south east including the unmet housing needs arising from the recently adopted London Plan 2021. One of the key issues arising from the examination of the London Plan was the difficulty in reaching any form of agreement with regard to the potential redistribution of unmet housing needs from the capital given the lack of regional co-ordination. The Mayor of London was looking for willing partners but without any strategic planning bodies at a higher spatial level these requests were ignored by the rest of the wider south east. The Mayor of London cannot force others to address the capital's unmet housing needs, but it is the responsibility of those in the wider south east to give proper consideration as to how they may assist in addressing the strategic matter.
3. The preparation of joint strategic spatial plans, such as the Oxfordshire Plan, and the formulation of the Arc Spatial Framework now offer opportunities for more meaningful consideration of the unmet needs of London given the strategic and cross boundary links that are present between the capital and areas such as Oxfordshire. The production of the Oxfordshire Plan therefore provides the basis for discussion with the Mayor of London as to the level of unmet needs across the capital and whether there is scope for Oxfordshire to absorb further housing and economic growth that cannot be accommodated in the capital.



4. At present the Councils preparing this joint strategic plan have not considered this issue in any great depth. The consultation document notes that Oxfordshire is not looking for anyone else to take their needs and no one has asked them to take their own needs. Whilst this may be the case it does not remove the fact London has substantial unmet housing needs. Over the next ten years there is projected to be a shortfall of 14,000 homes per annum in the capital that resulted from the over assessment of delivery from small sites and the subsequent amendments by the Panel examining the London Plan. Whilst the mayor intends to produce a revised London Plan before the termination date of the new London Plan with revised targets the constraints on the capital will continue make it very difficult for the city's needs to be met in full and it will be important for areas in the wider south east with the capacity to grow their economy and housing supply to work closely with the mayor when preparing strategic plans.

Policy Option 01 – Sustainable design and construction

5. The housebuilding industry, through the HBF, recognises that there is a need to improve the environmental performance of new residential development. In order to achieve this, we established, with a wide range of partners, the Future Homes Task Force. This task force examined how the house building industry can work toward delivering net zero homes by 2050. The initial outcomes of this work can be found at <https://www.futurehomes.org.uk/> with a summary of the Delivery Plan resulting from this work attached to this response.
6. The delivery plan published by the task force in July outlines the necessity to operate on a collective basis recognising the need for housebuilders, their supply network and the trades people building homes to successfully transition to the delivery of low carbon homes. In addition, it recognises the need for both national and local government alongside housebuilders to ensure those people buying new homes are confident in the technologies and systems being used. As such the HBF supports a national and standardised approach to improving the energy efficiency of buildings to be the most effective approach as it balances improvements to building performance with the continued delivery of housing and infrastructure. This approach would also appear to be the one broadly being adopted by the Council with regard to the Future Homes Standard.
7. The concerns raised by the Future Homes Task Force are clearly concerns that should be shared by the Oxfordshire LPAs when considered against their own evidence. The report Pathway to a Zero Carbon Oxfordshire for example recognises that the market for goods and services to maintain low-carbon buildings are “*small and immature*” and that a:

“... much stronger focus on market creation and development is needed if existing technologies are to be deployed at the scale and quality required. Not only does this imply a need for a skilled workforce of installers, advisors, and other intermediaries, but also regulated

minimum standards to create demand, supported by a much more rigorous system of compliance-checking. There is a need to simultaneously stimulate demand and supply for high quality products and services to reduce emissions from the built environment.”

8. Similar concerns to those of the HBF are expressed later on in the same report which states on page 80 that:

“Heat pumps and building upgrades need to go hand in hand, otherwise there is a risk of poorly functioning technology getting a bad reputation, with poor energy performance accompanied by low customer satisfaction and loss of consumer confidence.”

9. It is for these reasons why it is important that national standards are used across the country and LPAs do not seek to apply alternative standards before there is capacity to effectively deliver them. Industries are working together to achieve this goal, but it will take time and this needs to be recognised in local policies as it is at a national level. It is important to note that the paragraph 152 NPPF recognises the importance of transitioning to a low carbon future. This transition to low carbon homes has been set out by Government through the continued ability of local authorities to establish improvements in building standards equivalent to Code for Sustainable Homes Level 4 (paragraph 6-012 of PPG), amendments to building regulations prior to 2025 and the Future Homes Standard post 2025. These proposed changes will see new homes being built to standards that reduce CO₂ emissions by 31% compared to current standards up to 2025 and then by 75% on current standards from 2025 onwards.
10. As such the HBF do not consider that this policy should seek to require development to achieve higher technical standards for energy efficiency beyond what is proposed by the Government. The approach that is most consistent with national policy is alternative option 01-2. The Council's in Oxfordshire have already set standards that go beyond current building regulations as envisioned by national policy and as such future reductions should be based on nationally applied standards.

Policy option 02 Energy

11. It is unclear as to what the second paragraph of this policy is seeking to achieve. It could be read as a county wide target for production for renewable energy or a specific requirement related to new development. For a policy to be sound it must be clear as to how a decision maker or applicant should react to it. If it is the case that all major development will need to show that 100% of its energy will be derived from renewable energy sources the Council will need to provide the evidence that this is indeed achievable at the point at which the plan is adopted.
12. Much of the energy for a major development will need to be derived from the national grid and, as the council recognise, will only be achievable as the national

grid decarbonises. Whilst we recognise that new development should seek to maximise the use of renewable energy the amount of energy supplied via on site renewable sources must be based on what is both feasible and viable as set out in paragraph 157 of the NPPF.

Policy option 03 Water efficiency

13. Whilst the HBF recognises the importance of reducing water consumption in water stressed areas the Government considers that this can be achieved through the application of the higher technical standard that limits consumption to 110 litres per person per day. There is no scope in national policy for the Council to set a requirement of 75 litres per person per day.

Policy option 08 Bio-diversity Gain

14. The requirement for a 20% net gain in biodiversity is not sound. No justification has been provided as to why Oxfordshire is any different to the rest of the country and should set a higher requirement for net biodiversity gains. If Government considers 10% sufficient to mitigate the impact of new development in future, then this should also be an appropriate level of net gain for Oxfordshire. It is important to recognise that the Environment Bill does not set this as a minimum and at present there is no suggestion that policy allows for a higher requirement to be set in local plans.
15. It must also be remembered that a 20% requirement will have a significant additional cost to development. The costs set out by Government in its impact assessment indicates that overall, a 20% net gain requirement would lead to a 19% increase in the direct costs to developers. Whilst this evidence is a helpful broad assumption as to the cost of delivering net biodiversity gains it is important to recognise that this assessment was based on estimates at a national and regional averages and so is not directly comparable to local delivery where costs could be higher. As such headroom must be available in the plan wide viability assessment to take account of higher local costs.
16. In addition, the Councils must note that the Government's impact assessment for a 20% net gain requirement is based on scenario B where the majority of the net gain is delivered on site. An additional 10% of net gain would not necessarily follow this scenario with more offsite delivery being required. A higher degree of offsite mitigation is likely to be required in order to deliver a 20% net gain which will mean a far higher cost to the developer.
17. If scenario C of the Government's impact assessment is taken as a broad assumption as to costs facing a developer, the proposed 20% net gain requirements could see costs rise significantly per hectare. If all of the additional 10% net gain above the proposed legislation being suggested by the Council had to be delivered offsite that could see costs rise by over £60,000 per hectare, a considerable additional burden and one that could impact on the viability and

deliverability of some sites. Even if delivery could be achieved on site a higher net gain requirement would require more land reducing the developable area of a site, reducing the gross development value and site viability.

Policy option 09 - Natural capital and eco system services

18. This policy seemingly requires a natural capital and ecosystem services impact assessment on all major development. Whilst we recognise that plans and policies should consider such assessments as part of their preparation the requirement for developments as small as 10 units is unnecessary and has a disproportionate impact on small developers. The requirement for such assessments must be more proportionate to the scale of development being proposed.

Policy option 18: Sustainable transport in New Development

19. The HBF recognise that electric vehicles will be part of the solution to transitioning to a low carbon future. The Department of Transport consultation on Electric Vehicle Charging in Residential & Non-Residential Buildings (ended on 7th October 2019) set out the Government's preferred option to introduce a new requirement for EVCPs under Part S of the Building Regulations. The inclusion of EVCP requirements within the Building Regulations will introduce a standardised consistent approach to EVCPs in new buildings across the country. The requirements proposed apply to car parking spaces in or adjacent to buildings and the intention is for there to be one charge point per dwelling rather than per parking space. It is proposed that charging points must be at least Mode 3 or equivalent with a minimum power rating output of 7kW fitted with a universal socket to charge all types of electric vehicle currently on the market. Until these requirements are fixed there is the potential for inappropriate charging points being required by planning authorities. The HBF would therefore suggest that because of the Government's proposals to change Building Regulations it is not necessary to set out a separate standard in the local plan. Such an approach would also ensure that there is no inconsistency between local and national requirements.

Policy option 20 – Digital infrastructure

20. Delivery of the highest level of internet capacity is a priority for most housebuilders and their customers. However, they are limited in the scope for delivering full fibre broadband and 5G by the relevant infrastructure providers. Whilst the rollout of such facilities is taking place, we would suggest that development has the potential to connect to these networks once they are provided.

Policy option 28 – Homes: How many? Commitment and Locations.

How many homes

21. The LPAs within Oxfordshire have made commitments to deliver significant growth across the county as part of the Oxfordshire Growth Deal. This requires the

Councils to plan for the delivery 100,000 homes between 2017 and 2031 – around 5,000 dwellings per annum – alongside significant levels of additional funding to support infrastructure growth. This level of growth was considered necessary to ensure the continued economic prosperity of the county as well as the need to address the severe housing affordability issues in the County and in particular the acute shortage of affordable homes in Oxford. The HBF has welcomed the level of growth that the Oxfordshire LPAs have committed to delivering in their recently adopted local plans and hope this positive attitude is taken forward when considering the level of growth to be planned for in the JSSP.

22. In considering which of the growth options is most appropriate for Oxfordshire the evidence presented alongside this consultation in the Oxfordshire Growth Needs Assessment (OGNA) would suggest that growth needs to go beyond that arrived at using the standard method. As the Councils are clearly aware PPG states at paragraph 2a-010 that there are circumstances where actual housing need is higher than the strategic method indicates. Such circumstances include deliverable growth strategies where funding is in place to promote and facilitate additional growth and where strategic infrastructure improvements are likely to drive an increase in the homes needed locally.
23. Both these circumstances are appropriate to Oxfordshire which has set itself ambitious growth targets that reflect its status as a thriving hub for innovative knowledge driven industries. These ambitions, which are expressed in the Local Industrial Strategy and Investment Plan, provide the basis for the Transformational trajectory and the need to deliver around 5,000 homes per annum. To deliver housing growth below this level would clearly compromise the industrial strategy reducing the county's ability to support this level of economic growth. It would also undermine the ambitions of Government for the Oxford Cambridge Arc. Growth in Oxfordshire will be key to growing the Arc's economy and infrastructure, and ultimately its importance to the national economy.
24. There are also risks that in delivering housing below the levels that are required to support either the Business as Usual (BAU) or Transformational level of growth will have negative impacts on the sustainability of this. As the OGNA notes Oxfordshire is one of the fastest growing areas of the British economy and this has the highest proportion of its population in employment of any area in the UK¹. This evidence also shows that the disparity between jobs growth and housing growth this has led to both increasing levels of in commuting and a worsening affordability as the jobs to dwelling ratio has increased.
25. Therefore, if housing delivery does not match levels of jobs growth there will be an increase in commuting into the county with no real improvements in affordability – a position that cannot be considered a sustainable option. As the OGNA states:

¹ Oxfordshire Growth Needs Assessment – Phase 1 report

if housing supply remains constrained whilst employment growth continues to grow at pace, then rather than shrinking, net in-commuting to the county will continue to grow, with the possibility of net inward commuting figures doubling or even tripling from current levels.

Such a situation would also be inconsistent with paragraph 102 and 103 of the NPPF and the requirement to promote sustainable travel options, to limit the need to travel, and reduce congestion.

26. What is clearly evident is that planning for the lowest level of housing growth suggested in the consultation document could impact either on the economic growth of this nationally important sub regional economy, through its failure to address the need for increased labour supply, or on sustainability through an increased reliance on in commuting to support expected jobs growth. Both these scenarios are not acceptable and are inconsistent with the evidence and national policy. As such the Councils must rule out the lowest level of suggested growth using the adjusted standard method. The evidence clearly indicates that Oxfordshire should be planning for Business as Usual as a minimum, but the HBF would suggest that housing delivery in the Oxfordshire Plan should support the economic growth ambitions set out in the Local Industrial Strategy as articulated in the Transformational assessment of housing growth.

Policy option 30 – Affordable housing

27. The HBF agree that affordable housing delivery requirements should be established in local plans as it is the most appropriate level at which to consider the viability of sites and the impact of all the additional costs placed on development. However, it will be important that the cumulative impact of the policies in this plan are considered alongside such policies to ensure that these do not render sites undeliverable.

Policy option 31: Specialist housing needs

28. The HBF broadly welcomes the positive approach to supporting specialist housing needs. However, it will be important for this policy to set out an effective approach as to how the needs for specialist housing, and in particular the growing demand for housing to support older people, will be delivered.
29. The starting point for an effective strategy for meeting the needs of older people is through the allocation of specific sites to meet the needs of older people. Therefore, this policy should indicate that in the first instance the Oxfordshire LPAs will look to allocate sites for older people's accommodation that are in the most sustainable locations close to key services. However, it is also important that the delivery of specialist accommodation needs can be monitored and that there are mechanisms in place to support their delivery.

30. As such the HBF consider it important that policies in local plans supporting the delivery of accommodation for older people are only effective if the Council are committed to meeting identified needs and that there is a mechanism in the plan that encourages decision makers to take positive action should there be a shortfall. We would therefore recommend that this policy states that local plans will include an annual target for the delivery of homes for older people and in the event that the annual benchmark is not achieved in a year, Councils will operate a presumption in favour of proposals for older persons housing in the subsequent year. This presumption will continue to operate until the benchmark has been achieved. Whilst we recognise that there is not a requirement in national policy for the Council to maintain a specific supply of accommodation for older people identifying the level of need, monitoring supply, and having a contingency measure should that supply not come forward are all required in order to make such policies effective.

Spatial Strategy options

31. The consultation paper sets out five high level options for the spatial strategy to be taken forward in this local plan but recognises at paragraph 482 that no single option is likely to form the most effective strategy in meeting needs. This is a position with which the HBF would concur. In considering the best approach to meeting the full range of housing and economic needs across Oxfordshire the priority should be ensuring that there is a wide range of sites, both in terms of size and location that will support a vibrant and diverse housing market across the county. As such it is essential that this overarching strategic plan does not seek to rule out locations for development in future local plans.
32. Clearly growth around Oxford needs to be considered and this may require further amendments to the Green Belt and such proposals should not be discounted. We note that policy option 10 and at paragraph 483 focuses on the enhancement of the landscape, biodiversity, and recreational opportunities of the Green Belt and whilst this is welcomed it is also important to recognise that delivering growth close to Oxford itself is likely to be a key part of this strategic plan if the County is to achieve what it considers to be “*good growth*” by delivering homes, and particular affordable housing, close to where the greatest needs are occurring. The Councils must recognise that amendments to Green Belt boundaries do not constitute bad growth. Whilst Green Belt can offer high quality landscapes the defining feature of Green Belt is that it is open. There will be areas of Green Belt that offer little value in terms of landscape or biodiversity, and it will be important for this plan not to prevent such sites from coming forward.
33. Furthermore, whilst broad strategies as to the location of development up to 2050 are important this plan must also seek to ensure that the use of strategic urban extensions and new settlements are complimented by the delivery through each local plan of a range of other sites. Small and medium sites are an essential part of the and required to meet development needs. Such sites will add considerably to the diversity of development offered by ensuring that land supply supports a

wide range of housebuilders. Too often local plans focus on the large-scale housing sites at the expense of supporting smaller sites. The plan should therefore consider how the spatial strategy and the policies across this plan, and the subsequent local plans deriving from this strategic plan, will support the allocation and delivery of smaller and medium sized sites.

Viability

34. Given that the viability assessment is still to be published it is not possible to comment on whether the Council's policy requirements are viable and the plan as a whole is deliverable. However, we would like to make some broad comments on viability in relation to the approach established in the NPPF and its supporting guidance.
35. To support local planning authorities in preparing their viability evidence the HBF has prepared a briefing note, attached to this response, which sets out some common concerns with viability testing of local plans under the latest guidance and how these should be addressed. Whilst this note focuses on all aspects of the viability testing of the residential development and should be taken into account, we would like to highlight four particular issues with whole plan viability assessments.
36. The first issue is with regard to the approach taken to abnormal infrastructure costs. These are the costs above base construction and external costs that are required to ensure the site is deliverable. Prior to the 2019 iteration of the NPPF viability assessments have taken the approach that these cannot be quantified and were addressed through the site-by-site negotiation. However, this option is now significantly restricted by paragraph 58 of the NPPF. As such these abnormal costs must be factored into whole plan viability assessments. We recognise that the very nature of an abnormal costs means that it is impossible to quantify them accurately, but it is a fact that they are often substantial and can have a significant impact on viability. Where and how these costs arise is also variable. They can occur in site preparation but can also arise with regard to the increasing costs of delivering infrastructure, such as upgrades to increase the capacity of utilities. It is also the case that abnormal costs are higher on brownfield sites where there can be a higher degree of uncertainty as to the nature of the site and the work required to make it developable.
37. Whilst we recognise that national policy expects abnormal costs to come off the land value, we are concerned that if abnormal costs are high then it can result in sites not being developed as the land value will be insufficient to incentivise the landowner to sell. It is therefore important that a significant buffer is included within the viability assessment to take account of these costs if the Council are to state with certainty that those sites allocated in the plan will come forward without negotiation.

38. Secondly, we would encourage the Council to use the upper end of any of the ranges suggested with regards to fees and profit margins. Again, these will vary from developer to developer but given that the Government want to minimise negotiation on planning obligations it would make sense to use the highest point of any range. The changing landscape with regard to viability assessment could lead to development slowing significantly if the correct variables are not taken into account.
39. Thirdly, the council must ensure that all the policy costs associated with the local plan are included within the viability assessment. Whilst affordable housing and infrastructure contributions from the majority of the additional costs that are placed on developers by the Council it is important that the cumulative impact of all policies are tested. With regard to the local plan review the Council will need to consider, alongside existing local plan requirements and infrastructure costs, the impact of its proposed policies for:
- 20% bio-diversity net gains;
 - electric vehicle charging points – including additional infrastructure capacity to support charging;
 - net carbon zero home including offsetting payments;
 - renewable energy;
 - Higher levels of professional fees to take account of additional assessments, such as for eco system service impact assessment; and
 - Significantly lower water usage standard.


Alongside these costs the viability assessment will also need consider the impact of future national policies on viability and whether there is sufficient headroom to ensure these standards can be addressed in future alongside cumulative impact of the policies in the local plan.

40. Finally, the approach to land values needs to be a balanced approach and one that recognises that there will be a point at which land will just not come forward if values are too low to take account of policy and infrastructure costs. There are a variety of reasons why a landowner is looking to sell their land and it cannot be assumed that they will absorb significant reductions in land values to meet policy costs. Land is a long-term investment and the returns being offered must take account of this.

Conclusion

41. We hope these representations are of assistance in taking the plan forward. Should you require any further clarification on the issues raised in our comments please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt'.

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