

Sent by email to: PlanningPolicyConsultation@cherwell-dc.gov.uk

09/11/2021

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on Cherwell Local Plan Review.

Thank you for consulting the Home Builders Federation (HBF) on the Local Plan Review. 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.

Providing suitable and sustainable homes

Option 6: Rates of Affordable Housing

Should we

- 1) Increase the percentage requirement of affordable housing required on housing developments of 10 or more units?*
- 2) Keep the percentage levels of affordable housing the same as in the 2015 Local Plan? (30% at Banbury and Bicester, and 35% across the rest of the District)*

As the Council will be fully aware establishing the rate of affordable housing to be delivered in this local plan will depend principally on the ability of development to not only bear the cost of the affordable housing policy but also the cumulative financial impact of all the other requirements placed on new development through the local plan review and by national policy and legislation. In considering all these costs it is important, as set out in paragraph 58 of the NPPF that the Council are confident that decision makers can assume a development meeting all costs is viable given that the Government are seeking to reduce the number of sites on which affordable housing contributions are negotiated. This may require a policy that varies such requirements on the basis of location or type of development reflecting the different costs and values that occur across the Borough. In order to assist local planning authorities in preparing their viability assessments the HBF have prepared a briefing note setting out our members key concerns with regard to viability testing and the approach taken by Councils which is attached to this response. 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.



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 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. Whilst the HBF recognise that abnormal costs are expected to come off the land value, we are concerned that if abnormal costs are high then it will result in sites not being developed as the land value will be insufficient to incentivise the landowner to sell. As such these abnormal costs must be considered in the whole plan viability assessment.

We recognise that the very nature of an abnormal costs is difficult to quantify, 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. It is therefore important to ensure there is significant buffer between the Residual Land Value and the Benchmark Land Value on those sites assessed to ensure any abnormal costs do not make a site undeliverable and for the Council are to state with certainty that those sites allocated in the plan will come forward without negotiation.

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.

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 the impact of not only their own policies but also proposed changes to building regulations including the delivery of the Future Homes Standard from 2025 as well as the mandatory 10% net biodiversity gain that is set to become a legal requirement on the Royal Assent of the Environment Bill. As such the viability assessment will need ensure that there is sufficient headroom to ensure the policies in the local plan can be delivered alongside the requirements established in national policy and legislation.

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.

Option 7: Affordable Housing Tenure

Should we

- 1) Prioritise the provision of social rented housing above other affordable housing tenures?*
- 2) Keep the same affordable housing tenure mix as set out in the 2015 Local Plan with 70% Affordable and Social Rent and 30% Social Rent?*

As outlined above the tenure split that is taken forward will clearly depend on the viability of development to accommodate what that Council proposes. However, the Council will need to ensure that it meets the national policy requirements for 10% of all homes on major development to be available for affordable home ownership and that 25% of all affordable homes provided are First Homes. It will also be important for the viability assessment to treat First Homes in the same manner as market housing. Whilst these homes fall under the definition of affordable housing in terms of viability, they cannot be treated the same as an affordable home ownership product as they are developed and sold by the developer.

This is fundamentally different to a shared ownership unit or affordable home for rent where the home is bought up front by a housing association with the developer in effect acting as a contractor. The risk is lower as there is no need to put the affordable home on the open market, as such the developer accepts a lower level of profit. However, a First Home would be sold by the developer and as such they retain the risk and the other costs, such as marketing, in the same ways as they would for any home sold on the open market. Therefore, the proportion of new homes delivered as First Homes should be treated in the same way as other market homes for sale within the whole plan viability assessment.

Option 8: Housing Internal Space Standards

Should we:

- 1) Introduce a policy which requires all new dwellings to meet the nationally described space standard and if so, should this be a minimum requirement?*
- 2) Introduce a policy which only requires affordable homes to meet the nationally described space standard and if so, should this be a minimum requirement?*

Whilst the HBF shares the Council's desire to see good quality homes delivered across Cherwell we also consider that space standards can, in some instances, have a negative impact upon affordability issues and reduce customer choice. In terms of choice some developers will provide entry level two, three and four-bedroom properties which may not meet the optional nationally described space standards, but which would allow on lower incomes can afford a property which has their required number of bedrooms. Given the poor affordability of property in the area and the tight constraints on development it is therefore important that the Council can provide robust evidence that there is a need to introduce the optional space standards – that these standards are a must have rather than a nice to have policy

Option 9: Housing Accessibility

Should we

- 1) *Introduce accessibility standards for a proportion of new homes?*
- 2) *Continue to rely on Building Regulations in respect of accessibility?*

If the Council are going to introduce the optional technical standards for accessibility, they will need to ensure that there is appropriate evidence to support the approach taken. This evidence will need to consider not only the need for such homes, as set out in paragraph 147 of the NPPF but also the accessibility of the existing stock, impact on viability and how needs vary across the different housing tenures as set out in paragraph 56-007 of Planning Practice Guidance.

Mitigating and adapting to climate change

Option 10: Sustainable Construction

Should we

- 1) *Not set further standards in the Cherwell Local Plan leaving this for Building Regulations and the Oxfordshire Plan.*
- 2) *Set sustainable design and construction standards for new residential and non-residential development that only meet standards set by Government. or*
- 3) *Set sustainable design and construction standards for residential and non-residential development in Cherwell above those required by Central Government?*

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 carbon homes in order to support the Government's target of the country delivering net zero carbon emissions 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.

The delivery plan published by the task force in July 2021 outlines the need 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 the Council are aware the proposed amendments to the building regulations will see development up to 2025 deliver a 31% improvement on CO₂ emissions compared to current standards. The Future Homes Standard that will be introduced from 2025 will see new homes emit 75% fewer emissions than current standards. However, to deliver further reductions and achieve the national commitment of net zero emissions by 2050 will require the decarbonisation of energy supply at a national level rather than

from the Council setting additional requirements for new homes above those set by Government.

Given the improvements that will be made through the amendments to building regulation the HBF do not consider it necessary for additional local standards to be set with regard to energy efficiency and CO₂ emissions. Only through a nationally consistent and phased approach to the introduction of the new standards and technologies will the house building industry be able to maintain housing supply, ensure consumer confidence and deliver the required improvements in emissions.

A national and standardised approach to improving the energy efficiency of buildings is the most effective approach to ensuring improvements in energy efficiency whilst also ensuring the continued delivery of housing and infrastructure. The HBF considers a universal standard is necessary to allow the development of supply chains that focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements. Importantly, a phased approach to delivering these improvements ensures those people buying new homes are fully aware of the new technologies being used in their homes. It is vital that consumers are confident with the technology being used in their new homes and increase the wider appetite for similar standards to be adopted in the existing stock.

The HBF considers it important that Councils recognise that it will take time to ensure that the technology and supply chains required to achieve the significant reductions in emission from new homes required by the Future Homes Standard. There is still considerable work to do to ensure that supply chains are in place to meet demand from the housebuilding industry as well as having a workforce with the technical skills in place to deliver and maintain systems such as ground and air source heat pumps on a much larger scale. It is important that these systems when they are used work to ensure that the public are satisfied with the product and can rely on it to meet their needs.

Should the Council seek to go beyond what is required by building regulations then they will need to clearly set out in their viability study the additional costs this will place on development in the Borough. These costs can be significant and in combination with the other costs that are placed on development through the local plan can lead to development becoming unviable.

Option 12: Sustainable Construction

Where biodiversity net gain or compensatory measures cannot be achieved on site, should we:

- 1. Secure as close to the site as possible*
- 2. Prioritise within Conservation Target Areas/those parts of the Nature Recovery Network where habitat creation and restoration are to be focused*
- 3. Secure contributions to local environmental bodies undertaking biodiversity enhancement projects within the district.*

The location of offsite compensation with regard to biodiversity net gain will need to take account of the Environment Bill, which as the Council will be aware is set to become an Act shortly. The Bill makes provision for the Secretary of State to make arrangements for a developer to purchase Biodiversity credits from the Government for the purposes of meeting the 10% net gain requirement set out in the Bill. As such placing specific requirements with regard to the delivery of off-site compensation may not be consistent with the Government's approach to biodiversity credits.

Option 13: Natural Capital

Should we

- 1. Include a policy in the Plan requiring major development proposals to be supported by a natural capital assessment to demonstrate the impact of the proposals; or*
- 2. Include a policy in the Plan requiring major development proposals to:*
 - a) be supported by a natural capital assessment to demonstrate the impact of the proposals and*
 - b) demonstrate environmental net gain; or*
- 3. Not require major development proposals to be supported by a natural capital assessment.*

If the local plan as a whole is being prepared whilst having regard to the natural capital and ecosystem services, there should be no reason to require major development delivered through the local plan to provide a natural capital assessment. Such an assessment is unnecessary as development that comes forward that is consistent with the local plan should by default be making a positive contribution to the natural capital of the area. As such the HBF would support option 3.

Option 15: Outdoor sports provision

Should we:

- 1. Continue with the current policy approach of securing new pitch provision as part of strategic development sites*
- 2. Seek to secure and establish sports hubs at our main settlements*
- 3. Use financial contributions from developers in lieu of on-site provision on strategic sites to enhance existing facilities, to enable increased use.*

The Council will need to ensure that any requirement to provide or fund outdoor sport provision as clearly evidenced and consistent with paragraph 57 of the NPPF and regulation 122 of the CIL regulations. Where contributions are justified the approach taken to the delivery of outdoor sports provision will depend on the amount of development to be delivered, where it is located and how development it is provided.

Question: 20-Minute Neighbourhoods

Do you agree that 20-minute neighbourhoods offer a helpful set of principles for ensuring places are well-designed and sustainable? Are there features that would work in suburban or the rural areas?

The principle behind the 20-minute neighbourhood is one that is a reasonable aspiration to take forward within the local plan, but the Council must remember that

this should be seen as an aspiration within appropriate locations rather than a blunt tool for development management or site allocations across the Borough. For example, the Council note the application of this principal in more rural areas is inevitably more difficult as populations are generally too low to meet all the features of a 20-minute neighbourhood. However, this should not prevent development from happening in such locations where appropriate.

Firstly, there may be clusters of villages or suburban communities that provide a range of services for that area within reasonable travelling of each other. These areas might be able to sustainably support a substantial level of development but may not meet the principles of the 20-minute neighbourhood and as such development in such areas is not supported in the local plan.

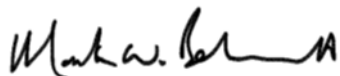
Secondly, the Council will need to recognise that settlements or areas that currently do not have the services that are consistent with the 20-minute neighbourhood could expand to include those services if new development is allocated in those areas. The 20-minute neighbourhood should not be used as a basis for only locating development close to existing services rather identifying where services could be improved through new development. There is a real danger that the principle could be used negatively and become a way of preventing development in certain communities rather than promoting improved neighbourhoods.

Finally, the Council must also recognise that if it seeks to apply this principle there is a need for the Council to provide a strong leadership function for local public services to ensure that these are in place and are retained. The Council must ensure that they and their partners are able and willing to support this concept at larger strategic developments or where the Council is seeking to deliver higher density development. Without this strong co-ordinating role, the Council are unlikely to achieve their aspirations in relation to the 20-minute neighbourhood.

Conclusion

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

Yours faithfully



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