

Sent by email to: Planningpolicy@guildford.gov.uk

17/02/2022

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation Guildford Local Plan: Development Management Policies

1. Thank you for consulting the Home Builders Federation (HBF) on the proposed submission of development management policies. 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.

Policy H8: First Homes

2. Whilst we do not have any concerns regarding the approach taken in this policy, we do have concerns regarding the approach taken to considering First Homes in the viability study. Whilst we note that the profit margin has been set at a higher level than for affordable housing, they are still below that for open market housing. Whilst we recognise that such homes are considered to be an affordable housing tenure they are marketed and sold by the developer and as such should be treated as such with regard to their risk profile and the level of profit that it is reasonable to expect. It is not justified for a lower profit margin to be used on these homes and as such the viability assessment should be updated and the full cumulative impact of this policy to be tested.

Policy P6/P7: Biodiversity in New Developments

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

3. The Council are proposing in this policy to require all development to deliver 20% net gain in biodiversity. The Council recognises in paragraph 3.46 of the Natural Environment Topic Paper the importance of ensuring alignment with the national approach to biodiversity net gain by removing exemptions that were proposed. The HBF would agree with the importance of aligning national and local policy. However, the Councils desire to align with national policy is not taken forward with regard to the 10% net gain requirements now set out in the Environment Act. The Council recognise that the policy is not consistent with legislation but consider their



position is both justified. The HBF disagrees with the Council and do not consider the Council's departure from the 10% requirement in the Environment Act to be justified.

4. With regard to the need for a consistent approach across the Country the Council note that other areas are examining the possibility of delivering beyond the 10% net gain requirement set out in the Environment Act. Whilst this may be the case it does not justify the Council's position. Whilst other authorities may be considering their position the examples given have not gone through an examination in public or are supplement planning documents which, as the Council should be aware, face no examination in public and do not contain policies. In contrast the most recent consultation on Biodiversity Net Gain Regulations and Implementation sets out on page 7 the Government reiterates their intention that "*Mandating biodiversity net gain through the Environment Act will establish a consistent set of requirements and necessary exemptions which give developers clarity as to how they can meet their net gain obligations.*" By setting out a minimum requirement the Government recognises the importance to all parties of consistency in such matters and the Council's decision to require a 20% net gain in biodiversity is clearly not consistent with national policy.
5. The latest consultation also reiterates the Government's view that whilst the 10% requirement is not a cap going beyond that figure should be the choice of developer to "*voluntarily go further*". Therefore, whilst the NPPF and PPG do not specifically prohibit setting standards over and above those in the Environment Act it is clear that the intention of the Government is to a set minimum requirement but encourage where possible the developers to go further. Such an approach also recognises that until an assessment of the biodiversity on a site is undertaken it is very difficult to assess what is required to deliver the minimum level of net gain either on- or off-site. Some sites may be able to deliver significant improvements more easily without a significant reduction in the developable area, whilst other sites may well have their capacity significantly reduced in order to achieve the minimum requirements set by Government. This uncertainty is clearly why the Government set its expectation at 10% recognising that it was a balance between delivering net gains and increasing the supply of new homes. However, we recognise that offsite delivery and offsetting are both options that would maintain the developable area of a site. However, as set out below this has not been tested by the Council in relation to their policy.

Assessment of viability

6. The Council have considered the impact of a 20% BNG on viability. The costs of implementing the 20% BNG is based on the evidence set out in the DEFRA/ Natural England impact assessment undertaken as part of the development of the 10% requirement as set out in the Environment Act. The uplift used with regard to the percentage increase on build costs is based on the central estimate within tables 19 and 20. As such the Council are assuming that 75% of all net gain is

delivered onsite¹ with the remaining 25% delivered through offsite mitigation or offsetting. In making such an assumption it is therefore important to consider the amount of additional land that would be required to deliver the majority of the 20% BNG on site and the consequential impact on the amount of land available for development. There could be a significant impact on the net developable area of some sites with a consequential impact on the number of homes that a site can deliver. This will have both an impact on the viability of a site and, potentially, on the overall deliverability of the plan if sites deliver fewer homes than were expected at the examination of the part 1 local plan.

7. If the expectation is that the additional 10% BNG above the statutory minimum that is being required in this policy is to be delivered offsite than there will be a significantly higher cost than is set out in the viability study. The Government's Impact Assessment provides some indication as to the cost of delivering BNG offsite. Table 19 of the Impact Assessment shows that scenario C, which modelled all of the mandatory 10% being delivered off site would equate to 2.4% of build costs on a greenfield site compared to 0.7% under scenario B which is the basis of the Council's estimates.
8. However, these costs may be an underestimate. The evidence from the Government's market analysis² supporting the current consultation on the implementation of Biodiversity Net Gain indicates that the average price of delivering net gain offsite is higher than when set out in the impact assessment. The Impact Assessment used a price of £11,000 per biodiversity unit, but stakeholders informing the study considered that this price was too low to attract sufficient supply to meet expected demand. A range of between £15,000 and £25,000 per biodiversity unit was considered to be more reasonable to attract sufficient providers to deliver the necessary units to meet demand.

Recommendation

9. The HBF would recommend that the Council remove the requirement for all qualifying development to deliver a 20% net gain in biodiversity and replaced with a policy that state the Council strongly supports development that go beyond the minimum requirements and deliver a biodiversity net gain of 20%. Such an approach would be consistent with national policy and the Government's objectives for both net gain and housing delivery. It will also ensure that the approach taken by the Council is sufficiently flexible to allow schemes to deliver the requirements set out in legislation whilst meeting the Council's other policies.

Policy D14: Carbon Emissions from Buildings

The policy is unsound as it repeats national policy

¹ Table 12 of the: Biodiversity net gain and local nature recovery Strategies Impact Assessment

² Biodiversity Net Gain: Market analysis study, Final Report (Defra February 2021)

10. Policy D14 proposes that all new dwellings must achieve a reduction in carbon emissions of at least 31% compared to targets in the 2013 building regulations. The HBF supports the Government's phased approach we also consider it important that this is achieved through the Building Regulations and that it is unnecessary for local plans to seek to repeat national mandatory standards. Seeking to replicate such a standard in a local plan can create confusion for decision makers and applicants as to the standard that should be applied. In this case the situation is further confused given that the proposed changes to Building Regulations now being proposed by Government would lead to a 27% reduction in CO₂ on current building regulations. Given this shift to securing improvements in energy efficiency through mandatory building regulations which will be introduced in the summer of 2022 we would suggest that policy CC3 is unnecessary and should be deleted.

Policy ID11: Parking Standards

This policy is not legally compliant and inconsistent with national policy.

11. This policy requires non-strategic sites to meet expected standards set out in Parking SPD. However, the Council cannot set policy outside of the local plan and as such it cannot require development to accord with guidance. The relevant legislation defining Local Plans and SPDs and their status as policy documents is the Town and Country Planning Regulations (2012). In particular regulation 5(1)(a)(iv) defines a local development document as being one in which includes: "development management and site allocation policies, which are intended to guide the determination of applications for planning permission". We would therefore suggest that if the Council wishes to set a standard with regard to parking, then this must be set out in the local plan to ensure that any changes to these standards are considered through the proper process of consultation and examination. If the Council wishes to refer to guidance, then it should be clear that development will need to take account of this guidance but not that it must accord with it.
12. With regard to electric vehicle charging points (EVCP) the Council will be aware that in November 2021 the Government set out its intentions with regard to the provision of EVCPs on new development. These include bring forward regulations to mandate from June 2022 the installation of Electric Vehicle Charging Points (EVCP) for every new home with associated parking within the site boundary and setting the expected technical standards for EVCPs. Therefore, it will not be necessary for the further standard to be set out in local plans. Whilst the Council have not set out their specific standards in the local plan it does make reference to the electric vehicle charging in points 2e and 3e of this policy. Given the Government's intentions we would suggest both of these points are removed from the policy.
13. Secondly, if the Council requires development to meet any proposed standards will be important that full and proper consideration is given in the viability

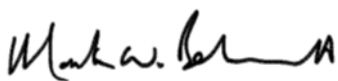
assessment as to the impact of requiring electric vehicle charging points (EVCP). The Council's policy approach should not compromise the viability of development. The Council's viability assessment includes an allowance £500 per dwelling. However, the evidence supporting the Government's response to the consultation on EVCPs estimated an installation cost of between £615 to £1,115 per EVCP for off-street parking and between £975 and £2,947 per charge point for multi-occupancy surface parking. Whilst this in itself may not seem a significant amount it is important that the actual cost of delivering this policy is included in the viability assessment to ensure the cumulative impact of all costs does not impact the deliverability of the local plan. However, the HBF and its Members also have serious concerns about the capacity of the existing electrical network in the UK. The supply from the power grid is already constrained in many areas across the country. Major network reinforcement will be required across the power network to facilitate the introduction of EVCPs and the move from gas to electric heating as proposed under the Future Homes Standard.

14. These costs can be substantial and can drastically affect the viability of developments. If developers are funding the potential future reinforcement of the National Grid network at significant cost, this will have a significant impact on their businesses and potentially jeopardise future housing delivery. Therefore, an allowance for such infrastructure should be explicitly included in the Council's viability assessment.

Conclusion

15. At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 35 of the NPPF for the following reasons:
 - The viability assessment has failed to take adequate account of policies relating to biodiversity net gain, first homes and electric vehicle charging points;
 - The 20% biodiversity net gain requirement is unjustified
 - The requirement to apply parking standards set out in SPD is inconsistent with national policy;
 - Requirements relating to carbon emissions repeats building regulations
16. I can also confirm that I wish to participate in the relevant hearing sessions in order to full represent our concerns which reflect the views of discussions with our membership who account of 80% of the market housing built in England and Wales.

Yours faithfully



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