

Erewash Borough Council
Long Eaton Town Hall
Derby Road
Long Eaton
NG10 1HU

9 May 2022

Dear Sir / Madam

EREWASH CORE STRATEGY PARTIAL REVIEW (CSPR) PRE-SUBMISSION CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above-mentioned consultation. The 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. The following representations have been submitted using the Council's Response Form.

Strategic Policy SP1 - Housing

Under **Strategic Policy SP1**, the Council will make provision for a minimum of 5,800 dwellings (386 dwellings per annum) between 2022 – 2037.

As set out in the 2021 National Planning Policy Framework (NPPF), the determination of the minimum number of homes needed in Erewash should be informed by a Local Housing Needs (LHN) assessment using the Government's standard methodology unless exceptional circumstances justify an alternative approach (para 61). There are no exceptional circumstances to justify an alternative approach for Erewash.

The latest National Planning Practice Guidance (NPPG) sets out the standard methodology for calculating the LHN figure (ID 2a-004-20201216). Using the standard methodology, the minimum LHN for Erewash is 386 dwellings per annum based on 2014 SNHP, 2022 as the current year and 2021 affordability ratio of 6.28. As set out in the NPPG, the LHN is calculated at the start of the plan-making process, but this number should be kept under review and when appropriate revised until the Local Plan is submitted for examination (ID 2a-008-20190220). The minimum LHN may change as inputs are variable.

The NPPG clearly states that the standard methodology is the minimum starting point in determining the number of homes needed. It is noted that the Council has proposed no uplift from the minimum LHN starting point.



The Council should confirm that economic growth in the Borough will be adequately supported by the minimum LHN. The NPPG explains that “*circumstances*” may exist to justify a figure higher than the minimum LHN. The “*circumstances*” for increasing the minimum LHN are listed in the NPPG including, but not limited to, situations where increases in housing need are likely to exceed past trends because of growth strategies, strategic infrastructure improvements, agreeing to meet unmet need from neighbouring authorities or previous levels of housing delivery / assessments of need, which are significantly greater than the outcome from the standard methodology (ID 2a-010-20201216). The Council should also be mindful of the economic benefits of housing development in supporting local communities as highlighted by the HBF’s latest publication Building Communities – Making Place A Home (Autumn 2020). The Housing Calculator (available on the HBF website) based on The Economic Footprint of House Building (July 2018) commissioned by the HBF estimates for every additional house built in Erewash, the benefits for the local community include creation of 3 jobs (direct & indirect employment), financial contributions of £27,754 towards affordable housing, £806 towards education, £297 towards open space / leisure, £1,129 extra in Council tax and £26,339 spent in local shops.

The Council should also confirm that the affordable housing needs will be met (see HBF representations under Viability & Deliverability). The NPPG sets out that total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. An increase in the total housing figures may be considered where it could help deliver affordable housing (ID 2a-024-20190220). The HBF acknowledge that the Council may not be able to meet all affordable housing needs but a housing requirement above the minimum LHN will make a greater contribution to delivering more affordable housing.

As set out in the 2021 NPPF, the Council is under a Duty to Co-operate (DtcC) with other Local Planning Authorities (LPA) and prescribed bodies on strategic matters that cross administrative boundaries (para 24). To maximise the effectiveness of plan-making and fully meet the legal requirements of the DtcC, the Council’s engagement should be constructive, active and on-going. This collaboration should identify the relevant strategic matters to be addressed (para 25). Effective and on-going joint working is integral to the production of a positively prepared and justified strategy (para 26). The Council should demonstrate its co-operative working by the preparation and maintenance of one or more Statements of Common Ground (SoCG), which identify the cross-boundary matters to be addressed and the progress of co-operation in addressing these matters. The 2021 NPPF expects effective joint working to be evidenced by a signed SoCG, which deals with rather than defers cross-boundary matters (para 35c).

The NPPG explains that a SoCG sets out where effective co-operation is and is not happening throughout the plan-making process. As set out in the 2021 NPPF, the Erewash CSCR should be positively prepared and provide a

strategy, which as a minimum seeks to meet its own housing needs in full and is informed by agreements with other authorities so that unmet need from neighbouring areas is accommodated (para 35a). A SoCG forms part of the evidence required to demonstrate compliance with the DtoC (ID 61-010-20190315). At Examination, the Inspector will use all available evidence including SoCG to determine whether the DtoC has been satisfied (ID 61-031-20190315). The Erewash CSCR pre-submission consultation is not accompanied by SoCG. To provide communities and other stakeholders with a transparent picture of collaboration, the NPPG sets out that authorities should have a SoCG available on their website by the time of publication of their Draft Plan. Once published, the Council will need to ensure that any SoCG continues to reflect the most up-to-date position of joint working (ID 61-020-20190315). The HBF may submit further comments on the Council's compliance with the DtoC and the soundness of the Erewash CSCR either in written Examination Hearing Statements or orally during Examination Hearing Sessions.

The NPPG sets out the Government's commitment to ensuring that more homes are built and supports ambitious Council's wanting to plan for growth (ID 2a-010-20201216). The NPPG states that a higher figure "*can be considered sound*" providing it "*adequately reflects current and future demographic trends and market signals*". The NPPG does not set any limitations on a higher figure, which is a matter of judgement. The Government's objective of significantly boosting the supply of homes set out in the 2021 NPPF remains (para 60). In Erewash, a housing requirement above the minimum LHN would support the Council's economic growth ambitions, deliver more affordable housing and contribute to any unmet housing needs from neighbouring authorities. Before the Erewash CSCR is submitted for Examination, the Council should consider a higher housing requirement.

The HBF also note that if the CSCR is submitted for examination in 2022, at the soonest it will be adopted in 2023. On adoption there will not be a timeframe of at least 15 years remaining. The 2021 NPPF sets out that strategic policies should look ahead over a minimum 15-year period from the date of adoption, to anticipate and respond to long-term requirements and opportunities (para 22). Before the Erewash CSCR is submitted for examination, the Council should consider extending the plan period by one or more years beyond 2037.

Housing Land Supply (HLS)

Strategic Policy 1 – Housing sets out the distribution of housing in accordance with the settlement hierarchy as follows :-

- a) around 700 dwellings within the Long Eaton Urban Area (conurbation) ;
- b) around 1,400 dwellings within the Ilkeston Urban Area (town) ;
- c) around 350 dwellings within the Rural Area (villages) ;
- d) around 1,000 dwellings in a new settlement on brownfield land not in the Green Belt at South Stanton (former Stanton Ironworks) (**Strategic Policy 1.2**) ;

- e) around 800 dwellings as extensions to the Derby conurbation on land deallocated from the Green Belt, including around 600 dwellings on land west of Acorn Way (**Strategic Policy 1.3**) & around 200 dwellings on land north of Spondon (**Strategic Policy 1.4**) ; and
- f) around 1,550 dwellings as extensions to the town of Ilkeston, on land deallocated from the Green Belt including around 1,300 dwellings on land south west of Kirk Hallam (**Strategic Policy 1.5**) & around 250 dwellings on land north of Cotmanhay (**Strategic Policy 1.6**).

The Erewash CSPR should ensure the availability of a sufficient supply of deliverable and developable land to meet housing needs, maintain a 5 Year Housing Land Supply (YHLS) and achieve Housing Delivery Test (HDT) performance measurements.

The HBF have no comments on individual residential sites. The HBF's representations are submitted without prejudice to any comments made by other parties. However, the HBF note that there is no headroom between the Borough's minimum LHN and overall HLS, which provides no contingency if housing delivery does not happen as envisaged by the Council. There is no numerical formula to determine an appropriate amount of headroom but where HLS is highly dependent upon one or relatively few large strategic sites and / or localities, greater numerical flexibility is necessary than where HLS is more diversified. In Erewash, 58% (around 3,350 dwellings) of HLS is proposed on land allocated in **Strategic Policies 1.2 – 1.6**. On these strategic allocations, there may be long lead in times before the commencement of on-site development and build up to optimum delivery rates. To ensure a continuous short to medium term HLS, such allocations should be complimented by smaller non-strategic sites. As set out in the 2021 NPPF at least 10% of the housing requirement should be accommodated on sites no larger than one hectare or else demonstrate strong reasons for not achieving this target (para 69a). For Erewash, 10% of the LHN is approximately 580 dwellings.

To optimise housing delivery, the widest possible range of sites by both size and market location will be required so that small, medium and large housebuilding companies have access to suitable land to offer the widest possible range of products. A diversified portfolio of development opportunities including both strategic and non-strategic residential sites will provide the widest possible range of products to households to access different types of dwellings to meet their housing needs. Housing delivery is optimised where a wide mix of sites provides choice for consumers, allows places to grow in sustainable ways, creates opportunities to diversify the construction sector, responds to changing circumstances, treats the housing requirement as a minimum rather than a maximum and provides choice / competition in the land market. The spatial distribution of housing development should meet the housing needs of both urban and rural communities. As set out in the 2021 NPPF *"to promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. Planning policies should identify opportunities for villages to grow and thrive, especially where this will support local services"* (para 79).

There is no housing trajectory set out in the Erewash CSCR. The 2021 NPPF sets out that Local Plans should include a trajectory illustrating the expected rate of housing delivery over the plan period and if appropriate to set out the anticipated rate of development for specific sites (para 74). There is insufficient detailed background information on individual site allocations to allow a rigorous check of the Council's HLS and its delivery assumptions. To satisfy the 2021 NPPF Glossary definition of deliverable, clearer evidence is needed. An accurate assessment of the availability, suitability, deliverability, developability and viability of residential sites included in the Council's HLS should be provided. The Council's assumptions on lead in times / delivery rates should be correct and supported by parties responsible for the delivery of housing on each individual site.

The Council should also provide a 5 YHLS Statement demonstrating a 5 YHLS on adoption of the CSCR, which is maintainable throughout the plan period. As set out in the 2021 NPPF, if the Council is seeking to formally fix its 5 YHLS through the Local Plan Examination process then a 10% buffer should be applied (para 74b).

Before the Erewash CSCR is submitted for examination, a housing trajectory should be provided together with supporting evidence on delivery assumptions. The Council should confirm that 10% of the housing requirement will be accommodated on sites of less than one hectare. The Council should also confirm if formal fixing of the 5 YHLS is sought and provide an up to date 5 YHLS Statement.

Viability & Deliverability

The HBF note that the Erewash CSCR pre-submission consultation is not accompanied by a Viability Assessment. In plan-making, viability is inseparable from the deliverability of development. At Examination, viability will be a key issue in determining the soundness of the Erewash CSCR. The viability of individual developments and plan policies should be tested at the plan making stage. As set out in the 2021 NPPF, the contributions expected from development including the level & types of affordable housing provision required and other infrastructure for education, health, transport, flood & water management, open space, digital communication, etc. should be set out in the Local Plan (para 34). Furthermore, the 2021 NPPF states that development should not be subject to such a scale of obligations that the deliverability of the Local Plan is threatened (para 34). Viability assessment should not be conducted on the margins of viability especially in the aftermath of uncertainties caused by the Covid-19 pandemic and Brexit. Without a robust approach to viability assessment, the Erewash CSCR will be unsound, land will be withheld from the market and housing delivery targets will not be achieved. There is a tipping point beyond which the land value cannot fall as the landowner will not be sufficiently incentivised to release their site for development. The Council's Viability Assessment should accurately account for all costs for affordable housing provision, CIL, S106 contributions and policy requirements sought.

Viability assessment is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact. Most sites should be deliverable at planning application stage without further viability assessment negotiations. Viability negotiations should occur occasionally rather than routinely. If the viability of sites is overstated, policy requirements will be set at unrealistic levels. Under such circumstances, trade-offs between policy requirements, affordable housing and infrastructure provision will be necessary and the Council will have to accept site specific viability assessments at development management stage. Such uncertainty causes delay to housing delivery and may even result in non-delivery.

An updated Viability Assessment should include the full costs of policy requirements set out in **Strategic Policy 1.1 Bullet Points 4 and 6**.

Under **Bullet Point 4**, housing sites of 200 or more dwellings shall deliver an appropriate level of biodiversity net gain (BNG). This policy requirement is somewhat ambiguous. As set out in the 2021 NPPF policies should be clearly written and unambiguous, so it is evident how a decision maker should react to development proposals (para 16d). The 2021 Environment Act requires development to achieve a mandatory 10% BNG. It is the Government's opinion that 10% strikes the right balance between the ambition for development and reversing environmental decline. 10% provides certainty in achieving environmental outcomes, deliverability of development and costs for developers. The mandatory requirement provides a level playing field across England for developers and reduces the risks of unexpected costs and delays. 10% is not a cap on the aspirations of developers who want to voluntarily go further but a requirement for more than 10% should not be sought by the Council under **Strategic Policy 1.1**. Before the Erewash CSPR is submitted for examination, **Bullet Point 4** should be clarified. There are significant costs associated with BNG, which should be tested in an updated Viability Assessment. The Government has confirmed that more work needs to be undertaken to address viability concerns raised by the housebuilding industry in order that biodiversity net gain does not prevent, delay or reduce housing delivery. The DEFRA Biodiversity Net Gain & Local Nature Recovery Strategies : Impact Assessment Table 16 : Net gain delivery costs per greenfield development (residential) East Midland estimates a cost of £1,011 per dwelling (based on 2017 prices and the central estimate) and Table 17 : Net gain delivery costs per brownfield development (residential) East Midland estimates a cost of £287 per dwelling (based on 2017 prices and the central estimate). However, costs for off-site delivery under Scenario C increase to £3,562 and £943 per dwelling respectively.

Under **Bullet Point 6**, housing sites of 200 or more dwellings shall provide at least one off-street parking space per new dwelling served by an electric vehicle charging point (EVCP). This policy requirement is unnecessary because from June 2022, Part S of the Building Regulations will require EVCPs in residential developments as set out in the Department of Transport Consultation Response : Electric Vehicle Charging Points (EVCP) in Residential & Non-Residential Buildings dated November 2021. Before the Erewash CSPR is submitted for examination, **Bullet Point 6** of **Strategic Policy 1.1** should be

deleted. Additional costs associated with the provision of EVCPs under Part S of the Building Regulations should be accounted for in an updated Viability Assessment. The Department for Transport - Electric Vehicle Charging in Residential & Non-Residential Buildings consultation estimated an installation cost of approximately £976 per EVCP plus any costs for upgrading local electricity networks, which under the Government's proposal automatically levies a capped figure of £3,600 on developers.

Even without an updated Viability Assessment, the Council has acknowledged that viability will be challenging and development is unlikely to achieve full compliance with policy requirements. The Council has identified viability challenges on 44% of its overall HLS, which are :-

- South Stanton (former Stanton Ironworks) (**Strategic Policy 1.2**) - low housing values in Ilkeston, the abnormal development costs imposed by the mining & industrial legacy and the need to provide other infrastructure / facilities ;
- South West of Kirk Hallam (**Strategic Policy 1.5**) - low housing values in Kirk Hallam, the abnormal development costs of providing the new Kirk Hallam Relief road and the need to provide other infrastructure / facilities ; and
- North of Cotmanhay (**Strategic Policy 1.6**) - low housing values in Ilkeston, the abnormal development foundation costs involved in redeveloping this former opencast site and the need to provide other infrastructure / facilities.

Before the Erewash CSCR is submitted for examination, the Council should publish an updated Viability Assessment. The HBF may submit further comments on the viability and deliverability of the Erewash CSCR either in written Examination Hearing Statements or orally during Examination Hearing Sessions.

Conclusion

To be found sound under the four tests of soundness as defined by the 2021 NPPF, the Erewash CSCR should be positively prepared, justified, effective and consistent with national policy (para 35). The Erewash CSCR is unsound because of the deficiencies identified above. It is the HBF's intention to attend and participate in Examination Hearing Sessions, in the meantime if the Council requires any further assistance or information, please contact the undersigned.

Yours faithfully
for and on behalf of **HBF**



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