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Dear Sir / Madam

## **CENTRAL LINCOLNSHIRE JOINT LOCAL PLAN REVIEW (JLPR) PRE-SUBMISSION CONSULTATION**

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 HBF submit the following representations to the Central Lincolnshire JLPR pre-submission consultation. The HBF also confirm their wish to participate in forthcoming Examination Hearing Sessions.

### **Duty to Co-operate (DtoC)**

As set out in the 2021 National Planning Policy Framework (NPPF), the Councils are under a Duty to Co-operate 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 DtoC, the Councils 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 Councils should demonstrate such working by the preparation and maintenance of one or more SoCG identifying the cross-boundary matters to be addressed and the progress of co-operation in addressing these matters. Therefore, as set out in the 2021 NPPF, the JLPR 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).

The National Planning Practice Guidance (NPPG) explains that a SoCG sets out where effective co-operation is and is not happening throughout the plan-making process. The NPPG confirms that a SoCG is a way of demonstrating that Local Plan is deliverable over the plan period and based on effective joint



working across LPA boundaries. It also forms part of the evidence required to demonstrate compliance with the DtoC (ID 61-010-20190315).

The Central Lincolnshire JLPR is itself a demonstration of collaborative working between Lincoln City Council, North Kesteven District Council and West Lindsey District Council. The JLPR pre-submission consultation is also accompanied by a Draft SoCG dated March 2022 (Document STA007.1), which sets out co-operation with neighbouring authorities. Agreement 1 confirms that *“the JLPR will meet the housing need for the plan period (2018 – 2040) in full. Central Lincolnshire does not require neighbouring authorities to assist in meeting this need and does not propose to meet the needs of any neighbouring authorities”*. At Examination, the Inspector will use all available evidence including SoCG to determine whether the Duty to Co-operate has been satisfied (ID 61-031-20190315).

### **Local Housing Need (LHN) & Housing Requirement**

Under **Policy S2 – Growth Levels & Distribution**, the housing requirement for Central Lincolnshire is set out as a range of 1,060 - 1,325 dwellings per annum between 2018 - 2040. The baseline housing requirement is 23,320 dwellings, however, the JPLR’s strategic aim is to facilitate the delivery of 29,150 dwellings and the creation of around 24,000 new jobs over the plan period.

As set out in the 2021 NPPF, strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need and any needs that cannot be met within neighbouring areas can be met over the plan period (para 66). The determination of the minimum number of homes needed should be informed by LHN assessment using the Government’s standard methodology unless exceptional circumstances justify an alternative approach (para 61). In Central Lincolnshire, there are no exceptional circumstances to justify an alternative approach. The latest NPPG sets out the standard methodology for calculating the LHN figure (ID 2a-004-20201216).

The Councils assessment of LHN is set out in Housing Need Assessment (HNA) dated April 2020 by Turley (Document HOU001). The LHN for Central Lincolnshire is calculated as minimum 1,086 dwellings per annum. 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 JLPR is submitted for examination (ID 2a-008-20190220). The minimum LHN for Central Lincolnshire may change as inputs are variable. Using the standard methodology, the minimum LHN for Central Lincolnshire is 1,103 dwellings per annum based on 2014 SNHP, 2022 as the current year and 2021 affordability ratios of 5.97 in Lincoln, 8.16 in North Kesteven and 6.85 in West Lindsey respectively.

The NPPG clearly states that the standard methodology is the minimum starting point in determining the number of homes needed. In Central Lincolnshire, there is justification for a housing requirement above the minimum LHN.

To support the long-term sustainability of Central Lincolnshire, the Councils are seeking to achieve a sustainable balance between employment and housing growth. As set out in the Employment Need Assessment (ENA) Update (Document ECO001), Central Lincolnshire continues to experience employment growth of about 1,850 jobs per annum, with certain sectors performing considerably better than was previously forecast, assisted by an increasing supply of floorspace within commercial properties and reduced unemployment amongst the resident labour force. Bespoke modelling prepared by Edge Analytics suggests that housing provision in line with the standard methodology (1,083 dwellings per annum) could support the creation of circa 14,890 new jobs (677 jobs per annum) across Central Lincolnshire between 2018 - 2040. This will enable some job growth, but it is unlikely to provide the labour force needed to fully support anticipated levels of job growth. Forecasts sourced from Experian and Oxford Economics show the creation of circa 714 jobs per annum and circa 420 jobs per annum respectively. After adjustments to a more locally representative outlook for Central Lincolnshire, the creation of circa 992 jobs annually is indicated. Housing provision in alignment with the standard methodology would provide the labour force to support only two thirds (68%) of the jobs that could be created in Central Lincolnshire over the JLPR plan period. Therefore, housing provision would act as a constraint to economic growth. A jobs-led modelling scenario to achieve alignment with the forecast jobs growth set out in the ENA Update indicates that approximately 1,323 dwellings per annum are needed, which would also boost the rate of housing delivery towards previously recorded delivery rates.

The adopted Joint Local Plan has a housing requirement for 1,540 dwellings per annum. Historically, housing delivery has also been significantly greater than the minimum LHN, over both the long-term between 1996 - 2012 and in the more recent years. The 2021 Housing Delivery Test (HDT) shows completions of 1,586 dwellings in 2018/19, 1,807 dwellings in 2019/20 and 1,532 dwellings in 2020/21 (despite adjustments for Covid 19 lockdowns). This implies that there has been a higher sustained level of demand for new homes than suggested by the standard methodology.

Furthermore, the 2014-based SNPP anticipated that the population of Central Lincolnshire would grow by around 7,700 people between 2014 and 2018. Subsequently released ONS population estimates show actual population growth of approximately 10,900 persons, which means that the population of Central Lincolnshire is already larger and growing to a greater extent than assumed in the standard methodology demographic baseline assumptions.

The HNA identifies an overall affordable housing need of 592 dwellings per annum. This is a significant proportion (56%) of the minimum LHN. The NPPG states 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. As set out in the NPPG, 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 Councils 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 NPPG, the Government is committed to ensuring that more homes are built and supports ambitious Councils 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 Councils have demonstrated that “*circumstances*” exist to justify a housing need higher than indicated by the standard methodology.

The HBF support the Councils in identifying a housing need, which is greater than the minimum standard methodology LHN figure. However, 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). The HBF believe that the Councils could have been more ambitious. The upper end of the proposed housing requirement range is below previously achieved housing delivery rates and misaligned with the strategic aim of creating 24,000 new jobs (1,090 jobs per annum). The proposed housing requirement range is not a significant boost to the supply of homes. A higher housing requirement would support economic growth and deliver more affordable housing.

The HBF also note that the housing requirements set out in **Policy S2** are not expressed as minimum figures. Before the JLPR is submitted for examination, the Councils should consider a more ambitious housing requirement. **Policy S2** should also be amended to set out the housing requirement as a minimum figure.

### **Housing Land Supply (HLS)**

The JLPR should ensure the availability of a sufficient supply of deliverable and developable land to meet the Central Lincolnshire’s housing requirement, ensure the maintenance of a 5 Year Housing Land Supply (YHLS) and achieve HDT performance measurements.

**Policy S1 – Spatial Strategy & Settlement Hierarchy** sets out an eight-tiered settlement hierarchy comprising of Lincoln Urban Area, Main Towns, Market Towns, Large Villages, Medium Villages, Small Villages, Hamlets and Countryside. The focus is to concentrate growth on the main urban areas of Lincoln, Gainsborough and Sleaford with remaining growth delivered elsewhere across Central Lincolnshire in other sustainable settlements.

**Policy S2 – Growth Levels & Distribution** proposes provision for 29,150 dwellings between 2018 – 2040 to be distributed as follows :-

- Lincoln Strategic Area (defined on Map 1) – 18,656 dwellings (64%) ;
- Gainsborough - 3,498 dwellings (12%) ;
- Sleaford - 3,498 dwellings (12%) ; and

- Elsewhere - 3,498 dwellings (12%).

Non-allocated development proposals within or immediately adjacent to the developed footprint of Lincoln Urban Area, Main and Market Towns are supported by **Policy S3 – Housing in Lincoln Urban Area, Main Towns & Market Towns**. Unallocated development proposals in or adjacent to Large, Medium and Small Villages are supported by **Policy S4 – Housing in or adjacent to Villages**.

Sustainable Urban Extensions (SUEs) form an integral part of the JLPR by delivering more than 50% of HLS over the plan period. An overarching policy approach is provided by **Policy S68 – Sustainable Urban Extensions**. Policy requirements for each individual SUE are set out in **Policies S69, S70 and S71** respectively. **Policy S76 – Residential Development in SUEs** sets out the quantum of development anticipated from each SUE as follows :-

In Lincoln (circa 12,600 dwellings) at :-

- Western Growth Corridor (3,200 dwellings) ;
- SE Quadrant (6,000 dwellings of which 3,400 dwellings expected to be delivered by 2040) ;
- NE Quadrant (1,400 dwellings) ; and
- SW Quadrant (2,000 dwellings of which 1,300 dwellings expected to be delivered by 2040).

In Gainsborough (circa 5,000 dwellings) at :-

- Southern Neighbourhood (2,500 dwellings of which 1,500 dwellings expected to be delivered by 2040) ; and
- Northern Neighbourhood (2,500 dwellings of which 750 dwellings expected to be delivered by 2040).

In Sleaford (circa 2,850 dwellings) at :-

- South Quadrant (1,450 dwellings) and
- West Quadrant (1,400 dwellings of which 900 dwellings expected to be delivered by 2040).

Numerous regeneration & opportunities areas in Lincoln, Gainsborough and Sleaford are identified in **Policies NS72, NS73, NS74 and NS75** respectively.

**Policy S77 – Housing Sites in Lincoln Urban Area** allocates 19 sites for circa 1,763 dwellings of which 5 sites are less than 1 hectare accommodating circa 98 dwellings. **Policy S78 – Housing Sites in Main Towns** allocates 19 sites for circa 1,886 dwellings of which 6 sites are less than 1 hectare accommodating circa 121 dwellings. **Policy S79 – Housing Sites in Market Towns** allocates 13 sites for circa 1,160 dwellings of which 1 site is less than 1 hectare accommodating circa 27 dwellings. **Policy S80 – Housing Sites in Large Villages** allocates 59 sites for circa 7,816 dwellings of which 2 sites are

less than 1 hectare accommodating circa 47 dwellings. **Policy S81 – Housing Sites in Medium Villages** allocates 32 sites for circa 1,445 dwellings of which 7 sites are less than 1 hectare accommodating circa 104 dwellings. **Policy S82 – Housing Sites in Small Villages** allocates 14 sites for circa 499 dwellings of which 4 sites are less than 1 hectare accommodating circa 52 dwellings.

Whilst, the HBF have no comments on individual sites, it is critical that an accurate assessment of availability, suitability, deliverability, developability and viability is undertaken. These HBF representations are submitted without prejudice to any comments made by other parties. The Councils assumptions on lead in times and delivery rates should be correct and supported by parties responsible for the delivery of housing on each individual site.

The Councils overall HLS is estimated as 32,672 dwellings (see Table 1) comprising of :-

- 4,110 dwellings from completions 2018 – 2021 ;
- 1,452 dwellings from small sites with planning permission at 31 March 2021 ;
- 14,380 dwellings from allocations and other large sites with planning permission at 31 March 2021 ;
- 11,799 dwellings from allocations without planning permission at 31 March 2021 ; and
- 931 dwellings from windfalls.

The Councils windfall allowance of 75 dwellings per annum should be robustly evidenced. National policy only permits an allowance for windfall sites if there is compelling evidence that such sites have consistently become available and will continue to be a reliable source of supply.

There is a headroom of 3,522 dwellings (12%) between the overall HLS of 32,672 dwellings and Central Lincolnshire's upper end of the housing requirement range of 29,150 dwellings. The HBF always advocates as large a contingency as possible to facilitate optimum flexibility. 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 flexibility is necessary than where HLS is more diversified. In Central Lincolnshire, 20,450 dwellings are allocated on SUEs of which 13,900 dwellings are expected to be delivered by 2040 (**Policy S76**). This represents 42.5% of overall HLS. Furthermore, 88% of housing growth (25,652 dwellings) is located in Lincoln, Gainsborough and Sleaford. There are also delivery concerns about brownfield sites in all Value Zones and non-strategic greenfield sites and SUEs in mid lower and lower Value Areas (see HBF representations on Viability and Deliverability below). Under these circumstances, a headroom of only 3,522 dwellings may provide insufficient flexibility.

Housing delivery is optimised by the widest possible range of housing site sizes and market locations, which provides suitable land buying opportunities for small, medium and large housebuilding companies. On SUEs, 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, SUEs should be complimented by smaller non-strategic sites. The widest 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. A diversified portfolio of housing sites also offers the widest possible range of products to households to access different types of dwellings to meet their housing needs. 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 Central Lincolnshire, 10% of the housing requirement is 2,915 dwellings. Under **Policies S77 – S82**, 25 sites of less than 1 hectare are allocated for circa 449 dwellings representing only 1.5% of the upper end of the housing requirement range. Therefore, the JLPR is inconsistent with national policy.

The 2021 NPPF sets out that strategic policies 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). The Councils Housing Trajectory is set out in Table 2, which shows yearly completions from allocations with / without planning permission and windfalls. The Councils Housing Trajectory is not site-specific, which provides insufficient detail to check the realism of the Councils delivery assumptions. The Councils have not provided the clear evidence necessary to satisfy the 2021 NPPF Glossary definition of deliverable. The insertion of a more detailed housing trajectory would assist in the annual monitoring of housing delivery from SUEs and non-strategic sites.

A 5 YHLS Statement has not been provided. If the Councils cannot demonstrate a 5 YHLS on adoption of the JLPR and maintain a 5 YHLS throughout the plan period, the JLPR should not be found sound. Furthermore, it is not clear if the Councils are wishing to demonstrate their 5 YHLS via adoption of the Central Lincolnshire JLPR as set out in 2021 NPPF (para 74b).

Before the JLPR is submitted for examination, further clarity on the deliverability of the Councils HLS should be provided including confirmation that 10% of the housing requirement will be accommodated on sites of less than one hectare. A detailed housing trajectory and 5 YHLS Statement should also be provided.

### **Viability and Deliverability**

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 Central Lincolnshire JLPR. 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 JLPR (para 34). As stated in the 2021 NPPF, development should not be subject to such a scale of obligations that the deliverability of the JLPR 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 JLPR will be unsound, land will be withheld from the market and housing delivery targets will not be achieved.

The Councils viability evidence is set out in Whole Plan Viability Assessment dated June 2021 by Aspinall Verdi (Document INF002a), which assesses generic site typologies together with the individual separate testing of 9 larger strategic sites (see Table 5-7). Document INF002a is also accompanied by Whole Plan Viability Addendum dated March 2022 by Aspinall Verdi (Document INF003), which re-runs the June 2021 appraisals using BCIS cost and residential sales value updates as of February 2022. Document INF003 also provides an explanation of how Policy S6 in the Draft JLPR renumbered as Policy S7 in the pre-submission JLPR is reflected in the Councils Viability Assessment.

Central Lincolnshire is sub-divided into 4 Value Areas (higher, mid, mid lower and lower), which the HBF assume correlate with Value Zones of Map 3 set out in **Policy S22 – Affordable Housing**. It is estimated that the percentage of greenfield HELAA sites located in each Value Zone are 25% in higher, 63% in mid, 5% in mid lower and 8% in lower (see Table 5-4). The percentage of brownfield HELAA sites located in each Value Zone are 10% in higher, 23% in mid, 19% in mid lower and 48% in lower (see Table 5-5). The 9 strategic sites are located in mid (5 strategic sites), mid lower (2 strategic sites) and lower (2 strategic sites) Value Zones (see Table 6-7). Of proposed allocations 146 sites for circa 44,335 dwellings are greenfield and 18 sites for circa 2,963 dwellings are brownfield (see Table 6-13).

It is noted that the Councils Viability Assessment uses lower quartile BCIS build costs, which may not be most applicable to smaller developers. The Councils acknowledge that there is a prevalence of smaller rather than national housebuilding companies operating across Central Lincolnshire.

The Councils 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. The Council's baseline viability assessment appraisal is based on the following assumptions (see Table 6-6) :-

- 5%, 10%, 15%, 20% & 25% affordable housing provision ;
- specified housing mix ;
- minimum 10% biodiversity net gain as set out in **Policy S61 - Biodiversity Opportunity & Delivering Measurable Net Gains**  
There are significant additional costs associated with biodiversity gain. The Councils Viability Assessment (see Table 6-6) uses



the DEFRA Biodiversity Net Gain & Local Nature Recovery Strategies : Impact Assessment Table 16 : Net gain delivery costs per greenfield development (residential) East Midlands cost of £1,011 per dwelling (based on 2017 prices and the central estimate). However, the Councils have not sensitivity tested cost increases to £3,562 per dwelling for off-site delivery under Scenario C nor the impact on gross to net site acreage ratios ;

- optional water efficiency standards required under **Policy S12 – Water Efficiency & Sustainable Water Management** (£9 per dwelling) ;
- air quality assessments ;
- Sustainable Urban Drainage ; and
- adopted open space standards.

It is explicitly stated that the baseline viability assessment appraisals exclude costs for (see Table 6-6) :-

- Primary school education (£1,200 per primary pupil) ;
- NHS contributions (£632.50 per dwelling) ;
- Accessible & adaptable dwellings (£420 per dwelling). Under **Policy S23 – Meeting Accommodation Needs**, there is no reference to the optional standard of M4(2) but M4(3) is encouraged. The Councils Policy Evidence Report (Document EVR023) assumes that the Government’s proposed changes to Part M of the Building Regulations as set out in the “Raising Accessibility Standards for New Homes” consultation will become a mandatory requirement of the Building Regulations. The Government estimated an additional cost of £1,400 per dwelling for M4(2). The figure of only £420 per dwelling is based on the adopted JLP policy requirement for only 30% of dwellings to meet M4(2) standard (see Table 6-6). Additional costs for M4(3) compliant dwellings are not referenced. During the Government’s Housing Standards Review (September 2014), EC Harris estimated the cost impact of M4(3) per dwelling as £7,607 - £8,048 for apartments and £9,754 - £23,052 for houses (Table 45). Both M4(2) and M4(3) compliant dwellings are also larger in size (see DCLG Housing Standards Review Illustrative Technical Standards Developed by the Working Groups August 2013), which should be accounted for in any appraisal inputs based on square meterage ;
- Future Homes Standard (2021 Interim Part L Uplift of £4,847 per dwelling and the yet to be quantified additional costs for 2025 Future Homes Standard) ;
- Electric Vehicle Charging Points (£500 per house & £2,500 per apartment). **Policy NS18 - Electric Vehicle Charging** requires provision as set out in the Building Regulations. From June 2022, Part S of Building Regulations will require the mandatory provision of Electric Vehicle Charging Points (EVCPs) in residential developments as set out in the Department of Transport Consultation Response : EVCP in Residential & Non-Residential Buildings dated November 2021. The Councils cost of only £550 per house / £2,500 per apartment

(see Table 6-6) is not aligned with the Government's estimated installation cost of approximately £976 per EVCP plus any costs for upgrading local electricity networks. The HBF and its Members 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. Under the Government's current proposals, a capped figure of £3,600 for network improvements is automatically levied on developers, which is not included in the Councils Viability Assessment ;

- Zero Regulated Carbon (£10,000 - £14,500 per dwelling).

The HBF have submitted separate comments on the Viability Study assumptions for specific policy requirements contained in following policies :-

- **Policy S22 – Affordable Housing ;**
- **Policy NS24 - Custom & Self Build Housing ;**
- **Policy S6 - Design Principles for Efficient Buildings ;**
- **Policy S7 - Reducing Energy Consumption – Residential Development ;** and
- **Policy S11 – Embodied Carbon.**

Using the Councils baseline viability assessment appraisal :-

- greenfield sites in higher Value Zone with 25% affordable housing provision as set out in **Policy S22** result in a surplus of £26,000 - £34,000 per dwelling (see Table 7-1) ;
- greenfield sites in mid Value Zone with 20% affordable housing provision as set out in **Policy S22** result in a surplus of £8,000 - £12,000 per dwelling (see Table 7-2) ;
- greenfield sites in mid lower Value Zone with 15% affordable housing provision as set out in **Policy S22** are unviable (see Table 7-3) ;
- greenfield sites in lower Value Zone with 10% affordable housing provision as set out in **Policy S22** are unviable (see Table 7-3) ;
- brownfield sites in all Value Zones are unviable (see Table 7-4) ; and
- only 5 strategic sites in mid Value Zone with 20% affordable housing as set out in **Policy S22** result in a surplus of £4,000 - £6,000 per dwelling. The remaining strategic sites are unviable (see Table 7-5).

These results demonstrate viability challenges for brownfield sites in all Value Zones and greenfield sites in mid lower and lower Value Zones. The results also show that the surpluses generated in the mid and higher Value Zones will be insufficient to cover the costs excluded from the baseline viability assessment appraisal plus the addition of further outstanding infrastructure costs.

The Infrastructure Delivery Plan identifies that the infrastructure requirements for non-strategic sites will be higher than £10,000 per dwelling. The potential

outstanding infrastructure requirement of £26,751 per dwelling will wipe out any available surpluses even in the higher Value Zone (see para 9.12). Furthermore, the infrastructure requirements for the strategic sites cannot be supported by the development surpluses alone (see para 9.15).

It is noted that none of the HBF concerns raised in response to the Draft JLPR consultation and repeated above have been addressed in the Councils re-running of viability appraisals. Whilst the Whole Plan Viability Addendum (Document INF003) shows an improvement in viability because residential sales values have increased by 9% and build costs have increased by only 6%, viability remains challenging. If the viability of sites is overstated, policy requirements will be set at unrealistic levels. As the Councils are aware, 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 Councils Viability Assessment confirms that a large proportion of typologies including Strategic Sites will be unable to bear the Council's full policy aspirations. Most sites should be deliverable at planning application stage without further viability assessment negotiations. Viability negotiations should occur occasionally rather than routinely.

Before the JLPR is submitted for examination, the Councils overall policy requirements should be revisited and reduced. Without revision, trade-offs between policy requirements, affordable housing and infrastructure provision will be necessary. The Councils will have to accept site specific viability assessments at development management stage. Such negotiations at planning application stage causes uncertainty for developers and may result in significant delay to housing delivery or even non-delivery.

## **Housing Policies**

### **Policy S22 – Affordable Housing**

Under **Policy S22**, affordable housing will be sought on sites of 10 or more dwellings or 5 or more dwellings within Designated Rural Area in North Kesteven District. The percentage sought will be based on the Value Zones indicated on Map 3, which are 25% in Value Zone A, 20% in Value Zone B, 15% in Value Zone C and 10% in Value Zone D.

The HBF is supportive of the Councils differentiated policy approach to the provision of affordable housing, which is justified by the Councils Viability Assessment. However, the Councils own viability evidence suggests that there should also be a differentiation between greenfield and brownfield sites (see HBF comments on Viability & Deliverability above).

Under **Policy S22**, the exact tenure mix should be identified through discussions with the Councils and informed by the latest up to date HNA. The starting point for discussions will be based on delivery of 25% of all affordable housing delivered through planning obligations as First Homes, after which

priority will be for delivery of affordable rent, subject to satisfying national policy requirements for 10% all housing being for affordable home ownership.

The HBF note that the Councils Viability Assessment tests an affordable housing tenure mix of 25% First Homes, 50% affordable rent and 25% intermediate (shared ownership). However, the impacts of First Homes on viability have not been fully considered. The Councils proposed affordable housing tenure mix will increase marketing costs and increase risk as developers will not be able to sell First Homes in bulk to a Registered Provider thereby no longer obtaining a more reliable up front revenue stream. The 6% developers return on GDV of affordable housing does not reflect this risk. Furthermore, First Homes may impact on the ability of developers to sell similarly sized open market units. First Homes may dampen the appetite of first-time buyers for one, two & three bedroomed open market dwellings as some households, who would have purchased a home on the open market may opt to use the discounted First Homes route instead. This may result in slow sales of similar open market units, increased sales risk and additional planning costs (if sites have to be re-planned with an alternative housing mix).

Before the JLPR is submitted for examination, further viability testing should be undertaken. **Policy S22** should be modified to differentiate between greenfield and brownfield sites.

### **Policy NS24 - Custom & Self Build Housing**

Under **Policy NS24**, sites for 100 or more dwellings will provide serviced plots to deliver at least 5% of the total number of dwellings on the site as self-build or custom build homes. If plots remain unsold after a thorough and proportionate marketing exercise over a period of at least 36 months from the date at which the plots are made available, these plots may be built out as conventional market housing subject to detailed permission being secured and the relevant Council being satisfied that the marketing exercise has been satisfactorily concluded.

There is no legislative or national policy basis for imposing an obligation on landowners or developers of sites of more than 100 dwellings to set aside at least 5 serviced plots for self & custom build housing. Under the Self Build & Custom Housebuilding Act 2015 and 2021 NPPF (para 62), it is the Councils responsibility, not the landowner or developer, to ensure that sufficient permissions are given to meet demand. The Councils are not empowered to restrict the use of land to deliver self & custom build housing. The NPPG sets out ways in which the Councils should consider supporting self & custom build by “*engaging*” with developers and landowners and “*encouraging*” them to consider self & custom build “*where they are interested*” (ID 57-025-201760728).

As set out in the NPPG, the Councils should use their Custom & Self Build Registers and additional data from secondary sources to understand and consider future need for this type of housing (ID 57-011-20210208). The

Councils evidence is set out in Policy Evidence Report (Document EVR024). Between 2016 – 2021, across Central Lincolnshire, there was an mean average of 50 entries per annum comprising 14 entries in Lincoln, 21 entries in North Kesteven and 15 entries in West Lindsey. This evidence demonstrates that there is minimal demand for custom & self build housing. Indeed Document EVR024 (Tables 2 – 4) show that granted permissions have met demand except in Lincoln where the built form of development is not conducive to self & custom build. Furthermore, a simple reference to the headline number of entries on the Register may over-estimate actual demand. The Register may indicate a level of expression of interest in self & custom build but it cannot be reliably translated into actual demand should such plots be made available. The Register's entries may have insufficient financial resources to undertake a project, be registered in more than one local authority area and have specific preferences.

In Table 5 of Document EVR024 a preference for locations in Larger, Medium and Small Villages is shown. Therefore, it is unlikely that self & custom build serviced plots on larger residential sites will appeal to those wishing to build their own home. The Councils should ensure that the JLPR will result in a wide range of different self & custom build housing opportunities. Numerous policy mechanisms could be used to ensure a reliable and sufficient provision of self & custom build opportunities across Central Lincolnshire including allocation of small and medium scale sites specifically for self & custom build housing and permitting self & custom build outside but adjacent to settlement boundaries on sustainable sites especially if the proposal would round off the developed form.

The site threshold of 100 or more dwellings and the 5% provision are unjustified. The provision of self & custom build plots on sites of more than 100 dwellings adds to the complexity and logistics of developing these sites. It is difficult to co-ordinate the provision of self & custom build plots with the development of the wider site. Often there are multiple contractors and large machinery operating on-site, the development of single plots by individuals operating alongside this construction activity raises both practical and health & safety concerns. Any differential between the lead-in times / build out rates of self & custom build plots and the wider site may lead to construction work outside of specified working hours, building materials stored outside of designated compound areas and unfinished plots next to completed and occupied dwellings resulting in consumer dissatisfaction.

It is important that unsold plots are not left empty to the detriment of neighbouring dwellings or the whole development. The timescale for reversion of these plots to the original housebuilder should be as short as possible because the consequential delay in developing those plots presents further practical difficulties in terms of co-ordinating their development with construction activity on the wider site. The proposed marketing period of at least 36 months is too long and the wording "*thorough and proportionate*" is too vague.

As well as on-site practicalities impacts on viability should be tested. The Councils Viability Assessment does not consider such impacts. The HBF believe that the provision of serviced self & custom build plots will have a bearing on the development economics of developments of more than 100 dwellings. It is unlikely that up front site promotion costs (including planning & acquisition costs) and fixed site externals, site overheads and enabling infrastructure costs will be recouped because the plot price a self & custom builder is able to pay may be constrained by much higher build costs for self-builders. There are also impacts of not recouping profit otherwise obtainable if the dwelling was built and sold on the open market by the site developer, disruption caused by building unsold plots out of sequence from the build programme of the wider site and a worst-case scenario of unsold plots remaining undeveloped.

**Policy NS24** is unsound because it is not positively prepared, effective, nor consistent with national policy. Before the JLPR is submitted for examination, the requirement for at least 5% serviced plots for self-build or custom build housing on sites of 100 or more dwellings should be deleted.

### **Other Policies**

#### **Policy S6 - Design Principles for Efficient Buildings**

Under Policy S6, the following design principles should be used :-

- (3) Fabric of buildings – using materials and building techniques that reduce heat and energy needs ;
- (4) Heat supply – net zero carbon content of heat supply (for example, this means no connection to the gas network or use of oil or bottled gas) ; and
- (5) Renewable energy generated – generating enough energy from renewable sources onsite (and preferably on plot) to meet reasonable estimates of all regulated and unregulated total annual energy demand across the year.

#### **Policy S7 - Reducing Energy Consumption – Residential Development**

Under **Policy S7**, unless covered by an exceptional basis clause set out below, all new residential development proposals must include an Energy Statement, which confirms that in addition to the requirements of **Policy S6** all residential units :-

- (1) Can generate at least the same amount of renewable electricity on-site (and preferably on-plot) as the electricity they demand over the course of a year, such demand including all energy use (regulated and unregulated), calculated using a methodology proven to accurately predict a building's actual energy performance ; and
- (2) To target achieving a space heating demand of around 15-20kWh/m<sup>2</sup>/yr and a total energy demand of 35 kWh/m<sup>2</sup>/yr, achieved

through a 'fabric first' approach to construction. No unit to have a total energy demand in excess of 60 kWh/m<sup>2</sup>/yr, irrespective of amount of on-site renewable energy production. (For the avoidance of doubt, 'total energy demand' means the amount of energy used as measured by the metering of that home, with no deduction for renewable energy generated on site).

The Energy Statement must include details of assured performance arrangements. As a minimum, this will require :-

- (a) The submission of 'pre-built' estimates of energy performance ; and
- (b) Prior to each dwelling being occupied, the submission of updated, accurate and verified 'as built' calculations of energy performance.

Such a submission should also be provided to the first occupier (including a Non-Technical Summary of such estimates). Weight will be given to proposals which demonstrate a deliverable commitment to on-going monitoring of energy consumption, post-occupation, which has the effect, when applicable, of notifying the occupier that their energy use appears to significantly exceed the expected performance of the building and explaining to the occupier steps they could take to identify the potential causes of such high energy use.

#### Exceptional Basis Clauses

These three clauses may allow certain developments to not meet in full the Policy 6 & 7 requirements, though in all cases the energy performance arrangements of points a) and b) are still required.

Clause 1 (Technical or Policy Reasons). Where, on an exceptional basis, Points 1 - 2 cannot be met for technical (e.g. overshadowing) or other policy reasons (e.g. heritage), then the Energy Statement must demonstrate both why they cannot be met, and the degree to which each of Points 1 - 2 are proposed to be met. A lack of financial viability will not be deemed either a technical or policy reason to trigger this exceptional basis clause. Where Clause 1 is utilised, and the proposal is for 10 or more units, the applicant must either (a) enter into an appropriate legal agreement which will either provide renewable energy infrastructure offsite equivalent to at least offsetting the additional energy requirements not achieved on site or (b) enter into an appropriate legal agreement to provide a financial contribution to the applicable LPA of a value sufficient to enable that LPA to offset (via off site renewable energy infrastructure or other offsite infrastructure to deliver a reasonable carbon saving) the remaining performance not achieved on site (with this being a minimum contribution of £5k and a maximum of £15k per dwelling unit) or (c) demonstrate that the residential units will be connected to a decentralised energy network or combined heat and power unit, in accordance with Policy S9.

Clause 2 (Accreditation Scheme). To simplify the decision-making process, applicants are able to demonstrate that they have met the requirements of Points 1 – 2 if they provide certified demonstration of compliance with

Passivhaus Plus, Premium or Classic or any other recognised national independent accreditation scheme, provided such scheme is demonstrated to be consistent with the requirements of this Policy.

Clause 3 (Viability). In Value Zones C & D, it is acknowledged that the full delivery of Point 1 & 2 requirements may not be possible in some cases for viability reasons. Consequently, the applicable LPA will continue to require an Energy Statement to be submitted, and, if full delivery of requirements are not proposed to be met, such a Statement must set out the degree to which Points 1 and 2 are proposed to be met in order to enable the development to become viable.

Today's new homes are already very energy efficient with lower heating bills for residents in comparison to older existing homes. Energy performance data has shown that 8 out of 10 new build dwellings have an A or B energy efficiency rating, compared to only 3% of existing properties. Nevertheless, the HBF recognise the need to move towards greater energy efficiency via a nationally consistent set of standards and timetable, which is universally understood and technically implementable. It is the Government's intention to set standards for energy efficiency through the Building Regulations. The key to success is standardisation and avoidance of individual Council's specifying their own policy approach to energy efficiency, which undermines economies of scale for product manufacturers, suppliers and developers.

The Councils do not need to set local energy efficiency standards to achieve the shared goal of net zero emissions because of the higher levels of energy efficiency standards for new homes set out in the 2021 Part L Interim Uplift, which are effective from June 2022, and proposals for the 2025 Future Homes Standard. The 2021 Interim Uplift to Part L (Conservation of fuel and power) Regulations will deliver homes that are expected to produce 31% less CO2 emissions compared to current standards. From 2025, the Future Homes Standard will ensure that new homes will produce at least 75% lower CO2 emissions than one built to current energy efficiency requirements. By delivering carbon reductions through the fabric and building services in a home rather than relying on wider carbon offsetting, the Future Homes Standard will ensure new homes have a smaller carbon footprint than any previous Government policy. In addition, this footprint will continue to reduce over time as the electricity grid decarbonises. The HBF support the Government's approach to a nationally consistent set of standards via the Building Regulations but there are difficulties and risks to housing delivery, which include the immaturity of the supply chain for the production / installation of heat pumps and the additional load that would be placed on local electricity networks in combination with Government changes to Part S of the Building Regulations for the installation of Electric Vehicle Charging Points (EVCPs) in new homes.

In autumn 2020, the HBF established a Future Homes Task Force to develop workable solutions for the delivery of the home building industry's contribution to meeting national environmental targets and objectives on Net Zero. Early collaborative work focussed on tackling the challenges of implementing the



2021 and 2025 changes to Building Regulations successfully and as cost-effectively as possible, in particular providing information, advice and support for SME developers and putting the customer at the centre of thinking. In July 2021, the Future Homes Delivery Plan was published. In September 2021, the Future Homes Delivery Hub supported by involvement from Government was launched. The Hub will help facilitate a sector-wide approach to identify the metrics, more detailed targets where necessary, methods and innovations to meet the goals and the collaborations required with supply chains and other sectors. It will incorporate the needs of all parties including the public and private sector and crucially, consumers, such that they can all play their part in delivering environmentally conscious homes that people want to live in.

The Councils supporting evidence in Documents CLC001 – CLC010 set out a contextual background for **Policies S6 & S7** but this evidence does not set out specific local circumstances to justify a requirement for standards above and ahead of 2021 Part L Interim Uplift and 2025 Future Homes Standard.

Furthermore, the Councils baseline viability assessment appraisal excludes any costs associated with the requirements of **Policies S6 & S7**. The baseline viability assessment appraisal shows that non-strategic greenfield typologies and strategic sites in mid lower and lower Value Zones are unviable. Brownfield sites are unviable in all Value Zones. Surpluses generated in higher and mid Value Zones are insufficient to cover additional costs for exclusions and further outstanding infrastructure requirements (see HBF comments on Viability & deliverability). Additional excluded costs are estimated as (see Table 6-6) :-

- 2021 Part L Interim Uplift £4,847 per house (£2,256 per apartment) to take effect in June 2022 ; and
- The cost to achieve zero regulated carbon, the cost of achieving net zero regulated carbon (by employing energy efficiency, on site carbon reduction and other allowable solutions (carbon offsetting)) for a detached home circa £10,000 when using either gas or air sourced heat pump heating. The cost of the zero regulated and unregulated carbon policy option is around £14,500 per home as set out in Research by Currie & Brown for Centre for Sustainable Energy dated December 2018.

Before the JLPR is submitted for examination, **Policies S6 & S7** should be modified to align with the Government's intention to set standards through Building Regulations. Further viability testing should be undertaken to include costs for 2021 Part L interim Uplift, 2025 Future Homes Standards and any other policy option for zero regulated & unregulated carbon in the baseline viability assessment appraisal.

### **Policy S11 – Embodied Carbon**

Under **Policy S11**, all development should, where practical and viable, take opportunities to reduce the development's embodied carbon content, through the careful choice, use and sourcing of materials.

## Presumption against demolition.

To avoid the wastage of embodied carbon in existing buildings and avoid the creation of new embodied carbon in replacement buildings, there is a presumption in favour of repairing, refurbishing, re-using and re-purposing existing buildings over their demolition. Proposals that result in the demolition of a building (in whole or a significant part) should be accompanied by a full justification for the demolition. For non-listed buildings demolition will only be acceptable where it is demonstrated to the satisfaction of the LPA that :-

- (1) the building proposed for demolition is in a state of such disrepair that it is not practical or viable to be repaired, refurbished, re-used, or re-purposed ; or
- (2) repairing, refurbishing, re-using, or re-purposing the building would likely result in similar or higher newly generated embodied carbon than if the building is demolished and a new building is constructed ; or
- (3) repairing, refurbishing, re-using, or re-purposing the building would create a building with such poor thermal efficiency that on a whole life cycle basis (i.e. embodied carbon and in-use carbon emissions) would mean a lower net carbon solution would arise from demolition and re-build ; or
- (4) demolition of the building and construction of a new building would, on an exceptional basis, deliver other significant public benefits that outweigh the carbon savings which would arise from the building being repaired, refurbished, re-used, or re-purposed. Applications within the countryside relating to the re-use or conversion of existing buildings will only be acceptable where they also meet the requirements of Policy S5, S34, or S43 as applicable.

Major development proposals: All major development proposals should explicitly set out what opportunities to lower a building's embodied carbon content have been considered, and which opportunities, if any, are to be taken forward.

In the period to 31 December 2024, there will be no requirement (unless mandated by Government) to use any specific lower embodied carbon materials in development proposals, provided the applicant has at least demonstrated consideration of options and opportunities available.

From 1 January 2025, there will be a requirement for a development proposal to demonstrate how the design and building materials to be used have been informed by a consideration of embodied carbon, and that reasonable opportunities to minimise embodied carbon have been taken. Further guidance is anticipated to be issued by the LPA on this matter prior to 1 January 2025.

The Councils should confirm that brownfield sites included in its HLS are not subject to the presumption against demolition. If brownfield sites are subject the presumption, the Councils should confirm that such sites have been included in the HLS as refurbishment rather than redevelopment opportunities and

viability assessments were undertaken on this basis. Furthermore, the Councils Viability Assessment excludes any additional costs associated with embodied carbon such as commissioning reports or the use of specific low carbon materials.

Before the JLPR is submitted for examination, **Policy S11** should be deleted because impacts on development have not been fully considered.

### **Policy S51 – Creation New Open Space, Sports & Leisure Facilities**

Under **Policy S51**, all new residential developments of 10 or more dwellings will be required to provide new or enhanced publicly accessible open space, sports and leisure facilities to meet the needs of their occupiers in accordance with this policy, the standards set out in Appendix 3, and in compliance with the latest Central Lincolnshire Developer Contributions Supplementary Planning Document (SPD) (or similar subsequent document).

### **Policy S59 – Green & Blue Infrastructure Network**

Under **Policy S59**, development will be expected to make a contribution proportionate to their scale towards the establishment, enhancement and on-going management of green and / or blue infrastructure by contributing to the development of the strategic green infrastructure network within Central Lincolnshire, in accordance with the Developer Contributions SPD.

The policy wording reference to “*compliance with the latest Central Lincolnshire Developer Contributions SPD*” and “*in accordance with the Developer Contributions SPD*” should not be interpreted by the Councils Development Management Officers as conveying the weight of a Development Plan Document (DPD) onto this guidance, which has not been subject to examination and does not form part of the JLPR.

The Town and Country Planning (Local Planning) (England) Regulations 2012 are clear that development management policies, which are intended to guide the determination of applications for planning permission should be set out in policy in the Local Plan. The Councils approach of requiring compliance with an SPD is giving DPD status to a document, which is not part of the JLPR and has not been subject to the same process of preparation, consultation and examination.

To ensure a policy is effective, it should be clearly written and unambiguous so it is evident how a decision maker should react to development proposals. The Councils requirements should be set out in sufficient detail to determine a planning application without relying on, other criteria or guidelines set out in a separate SPD. National policy clearly defines the scope and nature of an SPD in the planning process as providing more detailed advice and guidance on adopted Local Plan policies. The NPPG confirms that an SPD cannot introduce new planning policies nor add unnecessarily to the financial burdens on development (ID: 61-008-20190315).

Before the JLPR is submitted for examination, **Policies S51** and **S59** should be modified to remove the inappropriate reference to the Central Lincolnshire Developer Contributions SPD, which is unsound.

### **Conclusion**

For the Central Lincolnshire JLPR to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the JLPR must be positively prepared, justified, effective and consistent with national policy. The aforementioned Policies are unsound. Before the JLPR is submitted for examination, the Councils should delete or modify the afore-mentioned Policies. In the meantime, if any further information or assistance is required, please contact the undersigned.

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

A handwritten signature in blue ink, appearing to read 'Susan E Green', is written over a light blue horizontal line.

**Susan E Green MRTPI**  
**Planning Manager – Local Plans**