

Sent by email to: planning.policyteam@breckland.gov.uk

19/05/2023

Dear Sir/ Madam

Response by the Home Builders Federation to full review of the Breckland Local Plan

1. Please find below the Home Builders Federation (HBF) response to the consultation on the full review of the Breckland Local Plan. 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.

Strategic vision and objectives (Q1)

2. The Council's vision for the local area is one that seeks to allow its residents and business to thrive. However, what is notably absent from the vision is the drive to meet development needs. The vision sets out where the Council will seek to direct development and how it will be managed but not what will be delivered. This is mentioned in the objectives, but meeting development needs should be the golden thread that runs from the vision through to the policies themselves. We would therefore suggest that some reference to meeting development needs is included within the vision.

Housing (Q3)

3. The Council note in paragraph 4.2 that using the standard method leads to an annual housing need for Breckland is 672 dwellings per annum (dpa). It is also recognised that this figure will need to be amended when variables such as the affordability ratio are updated. The most up to date affordability ratios were published in March and result in a



lower housing figure for Breckland of 661 dpa. As the Council have note in the consultation document, the NPPF establishes that this is the minimum number of homes that should be planned for and as such it will be necessary for the Council to consider whether the circumstances facing Breckland indicate the need to plan for more than the minimum required by national policy. The Council note that they do not consider the circumstance faced by Breckland warrant a higher level of housing need to be planned for but do acknowledge the significant need for affordable housing in the Borough. The HBF argues that the need for affordable homes was a very good and sound reason for planning beyond the minimum number of homes required by national policy. Indeed, this is an approach that is expressly supported in PPG with paragraph 2a-024 stating:

“An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”

4. As the Council will be fully aware the primary delivery mechanism for more affordable housing is through the provision of market housing, either directly or through financial contributions. Given that paragraph 4.31 of the consultation document sets out the stark predicament facing the Council with regard to affordable housing, a shortfall in delivery of 542 homes in just six years, which has resulted in a huge bill to house those families in need in temporary accommodation, it would appear essential that more market homes are built each year to support the delivery of affordable housing. Given the scale of the shortfall it is necessary for the Council to consider strategies that go beyond minimum housing needs and that these should be considered as a reasonable alternative and assessed within the Sustainability Appraisal.
5. In addition, the Council will also need to examine the level of housing growth required to support expected levels of economic growth as part of the new Housing and Economic Development Needs Assessment that has been commissioned by the Council. If this evidence indicates that the minimum requirement arrived at using the standard method is insufficient to support expected levels of jobs growth the Council will need to increase the number of homes it is planning to deliver to ensure, in line with paragraph 82c of the NPPF, that housing supply is not a barrier to investment in the area.

Development principles (Q10)

6. Rather than rank the 12 spatial principles highlighted by the Council in question 10 the HBF would prefer to advocate some general principles that the HBF consider to be key to a sound spatial strategy. These are:
- meeting housing needs in full when they arise, ensuring the delivery of new homes is not pushed back to the end of the plan period;
 - allocating a wide range of site in terms of type size and location with at least 10% of housing supply on sites of one hectare or less;
 - Delivering a flexible supply of housing that provides a buffer of between 15% and 20% above the minimum requirement.

Meeting housing needs in full consistently across the plan period.

7. The HBF are concerned that many local planning authorities are now proposing spatial strategies that rely heavily on strategic sites that deliver homes at the end of the plan period, but which fail to meet identified housing needs in the short and medium term. This leads to plans with stepped trajectories and more homes being delivered well after the need has arisen. Whilst we appreciate that there may be circumstances where this cannot be avoided the Council must recognise that it will have negative impacts on the affordability of new homes and the delivery of affordable housing. Delays in meeting needs has in part created the situation the country faces today with there being a shortfall of 2 million homes between what is needed and the number of homes available¹.
8. If housing needs are not met when they arise, then additional pressure is placed on housing markets leading to more significant increases in house prices and worsening affordability. It also reduces the delivery of affordable housing in the short term exacerbating any shortfalls that, as the Council set out in the consultation document, can lead to significant additional costs that must be funded out of local taxation. As such every effort must be made to deliver homes sooner rather than later to avoid the use of stepped requirements.

¹ Making a bad situation worse. The impact on housing supply of the proposed changes to the NPPF. HBF and LPDF

Allocating a wide range of sites.

9. As required by national policy the Council will need to maximise the delivery of homes on previously developed land. However, it is highly unlikely that this will meet housing needs in full. Whilst the Council will be commissioning further evidence on viability the evidence supporting the current local plan indicated that there were viability challenges facing the delivery of PDL, with these sites being made unviable or pushed to the margins of viability when required to deliver meet all the policy requirements in that plan. Given that costs facing all development are now much higher with, for example, the need to deliver 10% BNG, higher energy efficiency standards alongside higher build costs due to inflation there is a risk that PDL sites will be slower to come forward, will not deliver at higher densities, and will contribute fewer affordable homes. As such the Council will need allocate green field sites in sustainable locations if it is to meet needs in full.
10. As to the location of new green field sites the HBF recognises that the main focus is likely to be around the larger settlements in Breckland. However, in order to ensure supply is flexible and provides choice the Council should not ignore the potential to allocate sites at smaller settlements in more rural areas. Too often the focus of Councils is on those areas with the full range of services and ignores the fact that new development in smaller settlements can deliver additional services as well as ensure existing services are maintained. Building new homes, in particular for family housing, allows for new households to form in those villages creating demand for struggling services now and into the future. The Council should not merely accept the status quo with regard to each settlement and recognise the potential for some to grow.
11. The Council will also need to ensure that the majority of the homes delivered are not from a few large strategic sites. Such sites are an important part of supply but in general they come forward more slowly and will deliver more homes at the end of the plan period. Therefore, in order to ensure a consistent supply of new homes the council must allocate sufficient small and medium sized sites that will deliver earlier in the plan period. In particular the HBF would expect sufficient smaller sites of one hectare or less to be allocated to ensure that 10% of new homes are delivered on such sites, as required by paragraph 68 of the NPPF.
12. The allocation of smaller sites has a number of benefits. Firstly, as mentioned above, they come forward more quickly and help to ensure that housing needs are met sooner

and ensure that there is flexibility in the early part of any plan period. Secondly the allocation of small sites supports SME house builders. The role of SMEs in the housebuilding industry has consistently been underestimated and often ignored when it comes to local planning policy. The reality, however, is that SMEs play a vitally important role in the creation of a healthy housing market. In particular they ensure a greater choice of homes being developed in area creating competition and driving forward standards. SMEs also develop smaller, often more challenging, development sites on disused land, maximising the use of land across the country. Alongside the benefits to competition and delivery rates SME housebuilders are also pivotal in bringing new innovation and talent into the industry, with apprentices comprising around 19% of an SME's workforce - just under 1 in 5 employees.

13. However, SME house builders rarely benefit from the security of having a site allocated in a local plan, having to bring sites forward on an ad hoc basis as windfall development with the attendant risks. It is therefore essential that the 10% requirement for small sites set out in paragraph 68 of the NPPF is seen as a minimum and that it is met on allocated sites. The HBF has undertaken extensive consultation with its small developer members. One of the chief obstacles they face is that funding is extremely difficult to secure without a full, detailed, and implementable planning permission. Securing an implementable planning permission is extremely difficult if small sites are not allocated. Without implementable consents lenders are uneasy about making finance available or the repayment fees and interest rates they set will be very high. Small developers, consequently, need to invest a lot of money and time up-front in the risky business of trying to secure an allocation and a planning permission, and this is money that many small developers do not have.

Flexible supply and buffer

14. The NPPF requires local plans to be deliverable over the plan period. This suggests the need for flexibility in supply to ensure housing needs are met in full and that ensure that slow delivery on strategic allocations, or a range of allocations in one particular area, does not have significant consequences on housing supply. In part this flexibility comes from allocating a wide variety of sites in the local plan, as advocated above. However, in addition the Council will also need to ensure that there is a buffer between housing needs and supply in recognition that not every site in the plan will come forward as expected. The HBF considers a buffer of between 15% and 20% is necessary to ensure needs are

met over the plan period depending on the type of site that makes up their supply. Local Plans that are reliant on a few larger allocations for example need more significant buffer as should these sites not come forward as expected it will have a more significant impact on what is delivered.

Development locations (Q11 to Q14)

15. The HBF cannot comment as to where new development should be located. However, as mentioned above what ever strategy is chosen by the Council it must meet housing needs, deliver a consistent supply of new homes across the plan period, not be over reliant a small number of sites or settlements to meet housing needs and be deliverable over the plan period.

Settlement boundaries (Q15)

16. As the Council note there are advantages and disadvantages to fixing settlement boundaries. The HBF does not generally support the use of village boundaries as they lack flexibility to consider new sustainable sites that may come forward outside of the plan making process. Criteria based policies alongside allocated sites will provide a high degree of certainty to residents whilst giving decision makers the necessary flexibility to support appropriate development should it come forward. If the Council is to use settlement boundaries it will need to be on the basis that it has properly examined potential development opportunities within and on the edge of bounded settlements, allocated appropriate sites and then adjusted the boundary accordingly.

Providing the right types of homes (Q17 and Q18)

Housing for older people

17. The Council must allocate sites to meet the specialist housing needs of older people. These should be in the most sustainable locations close to key services. Breckland has an aging population which, as the Council note, will lead to an increasing demand for specialist retirement accommodation across the Borough. The new local plan will therefore need to be positive about the delivery of specialist housing for older people and look to allocate specific sites to ensure their needs are met. However, the HBF do not consider it necessary, or supported by national policy, for a local connection test to be

applied to retirement accommodation, as is suggested in question 18. Whilst the majority of people looking to move into retirement accommodation may live locally there will clearly be older people looking to move to retirement housing in Breckland, and the Council should not restrict the occupancy of these homes.

18. In addition, we would suggest that the local plan also looks to set out in policy:
- a target for the delivery of homes for older people and maintains a supply of land to meet that target. Whilst we recognise that there is not a requirement in national policy for the Council to maintain a specific supply of accommodation for older people identifying the level of need and monitoring supply would aid decision makers in the application of this policy and ensuring needs are met over the plan period. Such an approach would also ensure effective monitoring in relation meeting the needs of older people and encourage positive decision making if there is a deficiency in supply.
 - support and encouragement for older persons accommodation on brownfield and other land in established urban and suburban environments and which is not allocated (i.e. windfall sites) given the level of need and that older people are most likely to prefer to continue to reside in established areas with which they are familiar.
19. Such an approach would provide a positive and sound framework within which decision makers consider specialist accommodation for older people and ensure their needs are met. The Council may also find it helpful to consider a report produced recently by the Retirement Housing Group which provides a helpful overview of the situation and difficulties faced by developers of retirement housing. The report can be found at: <https://retirementhousinggroup.com/how-better-use-of-the-planning-system-can-increase-provision-of-specialist-housing-for-older-people/>

Self-build

20. The allocation of specific sites to meet the demand for self-build in the borough is one approach that is currently supported by planning guidance. However, it should be noted that paragraph 57-025 of PPG states that this should be through engagement with developers and land owners to encourage them to consider self-build housing rather than the imposition of a requirement to provide serviced plots on their sites. It will also be necessary for the council to consider their own land, as suggested in the same

paragraph of PPG, and whether there are any sites being disposed of that would be suitable to meet the demand for self-build plots.

21. Before developing any policies on self-build, the HBF also recommends that the Council review its self-build list to ensure that it is robust and that those on the list are still looking to build their own home. Lists that are not regularly updated can overstate demand for self-build plots leading to policies that are seeking to address a level of demand that is not justified.

Optional technical standards – space and accessibility

22. As the Council note it is highly likely that the Government will make part M4(2) of the building regulations mandatory. This will leave the only optional standard with regard to accessibility being for wheelchair adaptable and accessible homes as set out in part M4(3) of Building Regulations. If the Council wants to set a higher standard with regard to this particular standard it will need to provide clear evidence as to the need for such homes in Breckland. The most recent evidence published by the Council is the study commissioned across Norfolk on the demand for specialist retirement accommodation and accessible housing. This study indicates that the level of need for M4(3) is around 8% of the annual housing target.
23. Whilst the HBF would agree that there is likely to be an increased need for such homes over the plan period we are concerned that the study might overestimate the level of need for such homes. The approach used to assess needs is based on the data published by Government as to the prevalence of wheelchair users in households based in standard age groups. In general, this expects around 1 in 30 households to include a wheelchair user but, unsurprisingly the prevalence is much higher in older households. These rates are then applied to Breckland and the expected change in households between 2016 and 2036 and 2016 and 2041. However, this approach does not take into account the fact that many of these households will already live in Breckland and may live in house that can be adapted to meet their needs and as such would not require a new home built to part M4(3). In addition, a proportion of those in need of a more accessible home will move to specialist accommodation rather than live independently.

24. Before setting policies in the local plan with regard to the provision of accessible housing it will therefore be necessary for the Council to review its evidence and ensure that it is sufficiently robust to justify the approach taken.

Biodiversity

25. The HBF does not support Councils setting policies in their local plans that require development going beyond the 10% biodiversity net gain (BNG) required by the Environment Act 2021. It is important to note that the 10% requirement has been set at that level to ensure that a net gain in biodiversity is achieved and as such will ensure all new development has a positive impact on biodiversity, as is required by paragraph 174d of the NPPF. As such to go beyond 10% the Council would need to show that the additional requirement was necessary to make the development acceptable in planning terms. Given that there is no evidence to indicate that new development in Breckland will have a disproportionate impact on biodiversity that necessitates a greater level of net gain going beyond the 10% cannot be a sound approach going forward.
26. The HBF are also concerned that the impact on viability and deliverability will be significantly affected by requiring a higher level of BNG considered. It cannot be assumed that the additional net gain over the 10% required by the Environment Act could be delivered wholly on site. An additional net gain would more likely require a higher degree of offsite mitigation which will lead to a higher cost to the developer. Alternatively, it will require more land within the site to be given over to delivering biodiversity net gains and as such reducing the amount of land available for development. This will not only impact on the viability of development but also the number of new homes that will come forward over the plan period.
27. If more offsetting is required to meet a higher requirement for BNG the HBF are concerned as to whether there is sufficient capacity in the market for offsite credits to ensure such an approach was deliverable. A lack of available credits will not only lead to delays in development coming forward where they are unable to access credits but also increase the cost of these credits by increasing demand. The evidence from the Government's market analysis that supported consultation on the implementation of Biodiversity Net Gain indicates that the average price of delivering net gain offsite is higher than that set out in the original impact assessment. The Impact Assessment published to support the initial consultation on BNG used a price of £11,000 per offsite 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 with £20,000 considered to be a reasonable figure per biodiversity to attract sufficient providers to deliver the necessary units to meet demand. However, the study also recognises that where this is an immature market and if demand is higher than expected then the price of offsetting could also be much higher.

28. Whilst the HBF and our members recognise the need to deliver net gains in biodiversity the Council must remember that there remains a high degree of uncertainty as to its impact on delivery. On some sites going beyond 10% may well be relatively simple whereas on others it may impact significantly on viability. The difficulty is that until the baseline assessment of biodiversity is undertaken it cannot be known what needs to be delivered. Rather than seek to risk the delivery of new homes the Council should encourage developers to do more where possible but not require more than the 10% minimum required by the Environment Act.

Water quality

29. The HBF would support place specific policies around water use on other development. At present the focus of solutions to such matters is to place additional burdens on housing and other overnight accommodation to mitigate their emissions despite the majority of the impact relating to nutrients in water being the result of agricultural practices. With regard to such policies for housing the Council will need to base their approach on the optional technical standard set out in PPG and not seek to apply a higher standard.

Tackling climate change

Construction Standards

30. The HBF supports the need to improve the energy efficiency of new homes and consider that the most effective way of achieving these improvements is through nationally applied standards and not through a variety of different approaches adopted in local plans. The Government have set out a clear road map to improving the energy efficiency of new homes. Indeed from 2025 the Future Homes Standard (FHS) will mean that all new

homes built in England will be zero carbon ready. These homes will not produce any additional carbon outside of the energy used from the national grid. As such the decarbonisation of the grid will mean that these homes will be zero carbon homes and support the country's commitments to achieving net zero carbon by 2050. Due to the changes being implemented by Government through Building Regulations there is no need for the Council to set additional standards for the energy efficiency of new homes. The implementation of additional standards would lead to a multiplicity of standards that will be confusing for developers and difficult for the Council to monitor.

31. The HBF also considers the seeking of higher standards of energy efficiency through local plans to be inconsistent with the approach to technical standards supported by Government policy. Firstly, the Council must consider section 5 of the Planning and Energy Act 2008 which states that energy policies in local plans “... *must not be inconsistent with relevant national policy*”. Secondly, consideration must be given to current Government policy which was first established in the Written Ministerial Statement and then reiterated in paragraph 6-012 of PPG. These two statements set out that Councils should not go beyond a 20% improvement on the 2013 building regulations (an improvement equivalent to the long-abolished level 4 of the Code for Sustainable Homes). Given that this has now been exceeded by Building Regulations it is evident that the Government's intention is to use building regulations as the main focus for change on this matter and this is further reinforced by paragraph 154b of the NPPF which states in relation to greenhouse gas emissions that “... *any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards*”. This shows that the Government are seeking to deliver major changes to energy efficiency standards through building regulations and not through local plans. This also means there is no need for developers to submit a separate energy statement given that these matters will be considered through building regulations and should not form part of the planning decision.
32. As the Council note further improvements can be made through the orientation of buildings to address either heating and cooling and these measures could be supported in the local plan. The HBF would agree with this position, however, we would suggest that there is flexibility in such policies to ensure that these measures do not impact on the effective use of land and the viability of development.

Electric vehicles

33. With regard to electric vehicle charging points (EVCP) the Council will be aware that in from June 2022 the relevant standards for the installation of Electric Vehicle Charging Points (EVCP) on new development is set out in Part S of the Building Regulations. Therefore, it will not be necessary for additional requirements to be set out in local plans.

Viability

34. Since the adoption of the last local plan there have been a number of changes in national policy that will increase the cost of building new homes as well as increasing build costs – both in terms of materials and labour. These will all need to be taken into account by the Council when preparing this local plan. In particular the Council must take account of paragraph 58 of the NPPF and paragraph 10-002 of PPG which both outline the need for decision makers to be able to assume that development meeting all policies in a local plan are viable and that negotiations on viability will be limited. This will require the Council to consider, for example, variable affordable housing requirements based on site type and location as well as ensuring that there is sufficient headroom to take account of abnormal and uncertain costs (such as those relating to BNG). As such it will be important for the Council to work with the development industry to ensure that policies are realistic and will not compromise the deliverability of the local plan. To support local planning authorities in preparing their viability evidence the HBF has prepared a briefing note, attached to this response, which sets out some common concerns with viability testing of local plans under the latest guidance and how these should be addressed. Whilst this note focuses on all aspects of the viability testing of the residential development and should be taken into account, we would like to highlight four particular issues with whole plan viability assessments.

35. The first issue is with regard to the approach taken to abnormal infrastructure costs. These are the costs above base construction and external costs that are required to ensure the site is deliverable. Prior to the 2019 iteration of the NPPF viability assessments have taken the approach that these cannot be quantified and were addressed through the site-by-site negotiation. However, as outlined above, this option is now significantly restricted by paragraph 58 of the NPPF. As such these abnormal costs must be factored into whole plan viability assessments. We recognise that the very nature of an abnormal costs means that it is impossible to quantify them accurately, but

it is a fact that they are often substantial and can have a significant impact on viability. Where and how these costs arise is also variable. They can occur in site preparation but can also arise with regard to the increasing costs of delivering infrastructure, such as upgrades to increase the capacity of utilities. It is also the case that abnormal costs are higher on brownfield sites where there can be a higher degree of uncertainty as to the nature of the site and the work required to make it developable.

36. Whilst we recognise that national policy expects abnormal costs to come off the land value, we are concerned that if abnormal costs are high then it can result in sites not being developed as the land value will be insufficient to incentivise the landowner to sell. It is therefore important that a significant buffer is included within the viability assessment to take account of these costs if the Council are to state with certainty that those sites allocated in the plan will come forward without negotiation.
37. 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.
38. Thirdly, build costs and fees will need to take account of the inflationary pressures seen recently. Increasing prices and labour costs will have a significant impact on viability and it cannot be relied on that house price inflation will be sufficient to offset the increased costs of bringing forward and building new homes in Breckland.
39. Fourthly, the councils must ensure that all the policy costs arising from the local plan are considered alongside the likely costs that will be imposed on development through other national policies and standards. In terms of new national building standards and levies imposed on house builders the HBF have estimated in a new report that these cost on average about £20,000 per new home built. It will be essential that the strategic policies and aspirations of the local plans do not take account of these costs. It will also be necessary to leave sufficient headroom as the cost of delivering some national policies are still uncertain. For example, the Impact Assessment on BNG undertaken by Government makes the assumption that a 10% net gain will cost on average £20,000 per hectare. However, as highlighted earlier, the costs can be much higher where offsite delivery is required. We recognise this will depend very much on the site, but the Council will need to ensure that there is sufficient headroom in viability to take account of costs

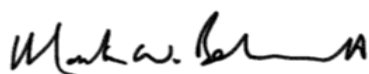
such as BNG which are so uncertain. Similarly, the cost of delivering more energy efficient homes can be underestimated. Evidence as to the costs of the current standards and number of other potential specifications that deliver beyond current regulations has been considered by the Future Homes Hub in its report Ready for Zero published in February 2023 (<https://www.futurehomes.org.uk/>). For example, specification 4 which delivers near zero regulated emissions and as such provides a reasonable comparison to the Council's requirements which would be required to achieve net zero regulated emissions. To achieve this standard on a typical end of terrace house would cost over £21,000 more than delivering Part L 2021 and £16,000 more than the Future Homes Standard.

40. Finally, the approach to land values needs to be a balanced 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.

Conclusion

41. The HBF recognises that meeting housing needs in full will require the Council to make difficult decisions. However, it is important to keep in mind that high quality new homes are essential to delivering strong and healthy communities where everyone can thrive. Without new homes people must live further from where they work or move away from families and support networks. Housing also provides job opportunities for many and can ensure that the towns and villages in Breckland continue to thrive by supporting all age groups to access housing in the area they want to live in. Therefore, we hope you find these comments helpful and please contact us if you would like to discuss any of the issues we have raised.

Yours faithfully



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