

Sent by email to: [localplan@arun.gov.uk](mailto:localplan@arun.gov.uk)

13/05/2024

Dear Sir/ Madam

### **Arun Local Plan – Direction of Travel**

1. Thank you for consulting the Home Builders Federation (HBF) on the direction of travel for the Arun 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.

### **Plan period.**

2. Paragraph 22 of the NPPF requires local plans to look forward for a minimum of 15 years. If as the Council indicate in their Local Development Scheme the plan is adopted in Winter 2026 then the plan period would be for a little over 14 years from adoption. However, it is likely that the plan period will be lower than this given that it is based on the period between submission and receiving the inspector's report being around 6 months. This is ambitious with the period from submission to adoption rarely being less than 12 months and often taking much longer. Therefore, to ensure that the plan has a minimum of 15 years from the point of adoption we would suggest that a further 2 years is added to plan period so that runs from 2023/24 to 2042/43.

### **Climate change**

#### *Energy efficiency*

3. In the third bullet point of paragraph 4.15 the Council state that they may aim to exceed the applicable energy efficiency standards through setting local targets, subject to any National Development Management Policies.
4. The HBF consider the Written Ministerial Statement on local energy efficiency standards published on the 13th of December 2023 to give a clear indication that the Government's preferred strategy is for Council's to refrain from setting additional policies in local plans and wait for the roll out of Future Homes Standard from 2023. Whilst the HBF agree that there is a need to act to reduce carbon emissions the Council must recognise that the Future Homes Standard will ultimately ensure that all new development is zero carbon as the national grid decarbonises in line with the Government legal commitment to achieve net zero by 2050. Delivering these improvements through building regulations has the distinct advantage over delivering a variety of different approaches across the county in that it provides a single approach that all developers understand and can be rolled out at scale. This allows supply chains and skills to be improved prior to implementation and ensure that improvements to building standards are actually deliverable from the point at which they are introduced.
5. However, if the Council chooses to go beyond current or future standards it must be done in a way that is consistent with national policy and robustly assesses any consequences as required by written ministerial statement (WMS).
6. In this statement the housing minister notes that "*Compared to varied local standards nationally applied standards provide much-needed clarity and consistency for businesses, large and small, to invest and prepare to build net-zero ready homes*" and that local standards can "*add further costs to building new homes by adding complexity and undermining economies of scale*". The 2023 WMS goes on to state that any standard that goes beyond building regulations should be rejected at examination if the LPA does not have a well-reasoned and robustly costed rationale that ensures:
  - Development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.
  - The additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).

7. Turning to the first bullet point, the Council will need to ensure the costs and deliverability of this policy are fully and robustly tested. With regard to the costs of the Council's policies the Future Homes Hub (FHH) has undertaken some work to support and inform the implementation of the Future Homes Standard, the findings of which are set out in "*Ready for Zero*". This study tests a number of archetypes against a range of specifications from the current standards set out in the 2021 Building Regulations through to standards that will achieve similar standards to those proposed by the Council. The various specifications and costs considered are summarised in Figure 8 of this report and indicates that in order to deliver standards above the FHS on a three bedroomed end of terrace house (specifications CS3, CS4 and CS5 in the FHH report) would be around a 15% to 20% increase in per unit costs compared to the 2021 Building Regulations. Whilst the specifications and assessment methodology may not be directly comparable to those being proposed by the Council it provides an indication as to the costs of achieving net zero in residential development.
  
8. In addition, the Council would need to consider the impact of these policies on both delivery rates and when the proposed site allocations will commence. Standards higher than those proposed by Government in the Future Homes Standard, which is expected to be introduced in 2025, will likely require higher levels of fabric efficiency which will require new skills and materials that may not be readily available, and which could slow delivery over the short to medium term as these are developed. It has been recognised by the FHH that to deliver higher standards will require phased transitional arrangements would be needed to steadily build up the skills and ensure quality. The FHH also notes in its report *Ready for Zero* that even if a short transition period between current standards and those similar to the Council are proposing that this would "... *create a high risk of quality problems, inflated costs and, potentially, stalled build programmes*". As such consideration will need to be given as to the delivery rates of development in the early years of the plan period with fewer homes potentially coming forward in this period as these much higher standards will take time to embed.
  
9. Moving to the second bullet point, the approach proposed by the Council cannot, as is being proposed in local plans recently, be based on energy use as this is inconsistent with the approach set out in the WMS and as such is unsound. It should be noted that the Government have considered whether it was appropriate to use a delivered energy metric such as the one being proposed by the Council and have concluded that these do not offer any additional benefits to those being taken forward by Government. Therefore, if the

Council are to require standards above those required by building regulations must be expressed as a percentage of the target emission rate.

#### *Water efficiency.*

10. The third bullet of 4.15 also suggests that the Council may look to implement water standards higher than those set out in national policy. In considering this matter the HBF recognises that the Secretary of State has said in a Ministerial Statement on the 19th of December 2023 in that “... *areas of serious water stress, where water scarcity is inhibiting the adoption of Local Plans or the granting of planning permission for homes, I encourage local planning authorities to work with the Environment Agency and delivery partners to agree standards tighter than the 110 litres per day that is set out in current guidance*”. However, it is not clear why the council consider it necessary to require a lower standard than the 110 l/p/d that is allowed for through the optional technical standards set out in Planning Practice Guidance. The Council have outlined that the area is in an area of water stress, but it does not appear that water scarcity is inhibiting the council from granting planning permissions or bringing its local plan forward. Whilst the Council mention the potential impact of excessive water abstraction of Pagham Harbour SAC no evidence is provided that this is impacting on the conservation objectives of the SAC. As such the 110 l/p/d remains the appropriate requirement for new homes and there is at present no justification for going below this standard.

### **Environmental Life Support Network**

#### *Biodiversity Net Gain*

11. The sixth bullet under paragraph 5.4 states that the Council suggest that they will require development to deliver beyond the 10% biodiversity net gain (BNG) required by the Environment Act 2021 and which came into force earlier this year. The introduction of mandatory BNG targets represents a significant change in the assessment and provision of BNG for local planning authorities and developers alike. As such it will be essential that the local plan provides a clear and helpful policy on BNG that support development without duplicating national policy or guidance<sup>1</sup>. It is the HBF’s opinion that the Council should not deviate from the Government’s requirement for 10% biodiversity net gain as set out in the

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<sup>1</sup> Paragraph 74-006 PPG.

Environment Act. The Plan should provide certainty for developers and a clear BNG policy with a fixed 10% figure, rather than including a policy that seeks to secure higher levels of BNG where possible.

12. When considering the impact of BNG on viability the Council must recognise that there are significant additional costs associated with biodiversity gain and that and that the level of these costs is very site specific. The costs of BNG reflect not only the baseline level of biodiversity on site but also the ability to deliver net gains on site. Sites with limited ability to meet net gains in full on site will face significant extra costs due to the need to purchase offsite credits. This means that where typologies are being tested, the Council will need to ensure that there is a significant headroom in viability to ensure that the potential costs of BNG do not make development unviable. Where allocated sites are tested, the Council will need to have a reasonable understanding of the baseline level of biodiversity, the degree to which this can be addressed on site and the likely number of offsite credits that would need to be purchased if it is to be able to show that the cumulative impact of the policies in the local plan will not impact on the delivery of the development being proposed.
13. With regard to the consideration costs many viability assessments use the Government's Impact Assessment (IA) of BNG from the 2019. Whilst in the absence of other costs these have been used across the country for assessing viability. However, it must be noted that the IA is an examination of the broad costs to the development industry based on a range of assumptions that will not necessarily reflect the type and location of development coming forward in Wealden and the costs of delivering BNG. In addition, the cost of creating and maintaining one hectare of habitat on site is based on 2017 study by Natural Trust, RSPB, and the Wildlife Trust in relation to farms and not residential development. In particular the on site management costs may well be higher compared to the study and the Council will need to provide evidence to what these costs are rather than rely on those set out in the IA.
14. Furthermore, the IA makes no consideration as to the potential reduction in the developable area in order to deliver at least 50% of net gains on site. This is the assumption made in the central estimate and which used in the Council's VA. In some cases, this may have limited impact whereas on some sites it will impact significantly on the number of homes delivered. These assumptions will need to be tested with regard to allocated sites to understand the degree to which BNG can be delivered on site whilst still delivering expected levels of development. For the typology testing we would suggest that the council should undertake sensitivity testing to consider the impacts of having deliver more BNG offsite.

15. The costs of offsite credits are also substantially lower within the IA than is being faced by developer across the country. The IA assumes the cost of offsite credits as £11,000 per unit. This much lower than current prices in the market which are in the region of:
- £30-50,000 per Grassland unit.
  - £30-50,000 per Hedgerow unit.
  - £30-50,000 per scrubland unit.
  - £30-50,000 per individual tree.
16. The costs of delivering BNG are likely to significantly higher than expected in the IA and this will need to be reflected in the Viability Assessment undertaken by the Council. However, it must also be remembered that the policy and market for credits is still in its infancy and as such the costs will need to be kept under review and updated where necessary.
17. The Council note in the seventh bullet in paragraph 5.4 that the council will seek to secure area of Arun for BNG. This is essential and supported by the HBF. As the Council will be aware the metric increases the BNG required to be delivered where offsite measures are either outside of the LPA or the National Character Area within which the site is located. By identifying areas for the delivery of BNG within Arun council will ensure that the costs to the developer of delivering BNG are reduced. Any work with regard to such matters should also clearly link to the Local Nature Recovery Strategy (LNRS) which will identify those areas for priority enhancement and restoration which benefit from strategic significance multiplier allowing for the creation of more credits than for other areas.
18. HBF also notes that for other plans there has been confusion around the environmental hierarchy, and suggest particular care is needed to avoid any confusion between the well-established mitigation hierarchy and the new BNG hierarchy. There is need for the policy wording and/or supporting text to be clearer about the differentiation between the mitigation hierarchy (which seeks to avoid harm in the first place, then mitigate and only then compensate it in relation to protected habitats) and the BNG delivery hierarchy (which prioritises on-site BNG delivery, then off-site units and finally allows for statutory credits). The HBF therefore suggest that the Council take particular care in explaining how the requirements of the two-part BNG hierarchy work in different ways and that they seek to achieve different aims.

19. Reference could also usefully be made within the Plan to the small site's metric. This is intended to be a less complex statutory metric that can be used to set out how 10% BNG will be secured on small sites. It can only be used for on-site BNG delivery. The national mandatory 10% BNG policy will apply to small sites from April 2024.
20. Whilst the HBF recognise desire to increase tree planting the across the borough the council should not be prescriptive with regard to tree planting on sites. Whilst the council may want to encourage their provision it is important to ensure that requirements for tree planting are consistent with maximising BNG on site. some sites the type of habitat provision may not be consistent with increased level of tree planting.
21. Finally, the Council will need to carefully consider how the introduction of the urban green factor integrates with the requirements to deliver BNG. There could be significant and unnecessary cross over between the two and the council must ensure that it is not seeking to require unnecessary assessments from the development industry that have no additional benefits to developer or decision maker.

## **Homes in the right places**

### *Housing requirement*

22. The Council state at paragraph 6.1 that they need to test a figure of 1,400 dwellings per annum, the minimum number of homes arrived at by using the standard method for assessing local housing needs (LHNA) which results in a housing need across the council's plan period of 25,200. As set out above the plan period will need to be extended by at least a year meaning the council will need to find sufficient supply to deliver 26,600 homes.
23. However, in addition the council must also take into account whether there are any unmet needs from neighbouring authorities when considering how many homes should be planned for. The Council will need to work closely with its neighbouring authorities with regard to his strategic matter and identify the unmet needs that will arise in neighbouring areas over the plan period. As the Council will be aware neighbouring Worthing District Council have an identified shortfall of 10,488 homes between 2020 and 2036 following the adoption of their local plan in 2022. Alongside this, Horsham District Council have stated in their recent regulation 19 local plan a shortfall of 194 dpa due to the impact of the need for water

Neutrality in the Borough. In fact, the HMA in which Horsham sits, the North West Sussex HMA, has a total unmet housing need of 486 dpa due to the 352 dpa shortfall in Crawley.

24. Given the scale of unmet needs in these neighbouring areas the Council will need to work closely with a LPAs in neighbouring HMAs to consider how these shortfalls can be addressed and the degree to which Arun can help these authorities to address some of their unmet needs. The shortfalls seen across East and West Sussex are substantial and it is essential that LPAs across this area work jointly to actively consider how needs can be met and overcome the barriers to those need being addressed. At present there appears to be little effective joint working to try and address these issues and a clear failure of co-operation across the county on the matter of unmet housing needs. Whilst we recognise that the duty to co-operate it not a duty to agree it still requires the Council to actively consider how it could seek to address the unmet needs of neighbouring areas.
25. Therefore, the Council should not limit itself in only testing spatial strategies that deliver 1,400 homes each year. It is evident that there are substantial unmet neds arising in neighbouring areas that should be considered when preparing the next iteration of the Arun Local Plan. In taking forward the local plan the council will need to examine spatial strategies that can meet not only their own needs but some of the needs arising in neighbouring areas. These options will need to be properly considered through the Sustainability Appraisal as reasonable alternatives with consideration as to how these can be made to work rather than being dismissed early in the process. Given that there are likely to be significant shortfalls across Sussex due to a variety of constraints mean that it is essential that in relatively less constrained areas development opportunities are maximised.

### *Housing supply*

26. The Council raise concerns in this chapter as to whether it is possible for this many homes to be delivered in the district given that completions since the adoption of the local plan in 2018. The Council point to the significant number of planning permissions that remain unbuilt. However, this would appear to be as much a result of the Council's decision to deliver a significant proportion of its housing needs on strategic sites. The Council's evidence notes that the allocations on strategic sites make up 52% of the homes delivered across the plan period. However, if completions and commitments are removed strategic site allocations were expected to deliver 78% of all homes across the plan period.



27. Having such a significant proportion of homes allocated on strategic sites inevitably means that in the first half of the plan period there will be more homes with permission than completed sites as these sites will be phased or will have outline permission with reserved matters still to be consented. This is not necessarily an indication that the market cannot deliver this many homes just that it inevitably takes time for such developments to come forward given their inherent complexity. It should also be recognised that this complexity means that there are more circumstances that can delay not only the planning permission being submitted but also the time taken to consider the application and the number of pre-commencement conditions to resolve all of which can delay the point at which the first home is built.
28. Now that some of these larger sites are coming forward it would appear that completions will increase over the coming years indicating that the market has the potential to absorb at least 1,400 homes each year. However, if the council is to ensure that housing supply continues at this level across the period of the next plan it must take on board the recommendations in the Housing Market Absorption Study it commissioned which makes some reasonable assumptions and recommendations with regard to housing supply that the Council should take on board with regard to this local plan.
29. Firstly, the HBF would agree with the recommendation that the Council must allocate a wider mix of housing sites, both in size and location, rather than relying on a few strategic sites to meet its housing needs if it is to deliver in excess of 1,400 dpa. A focus on allocating more small and medium sized sites that will ensure that delivery is less at risk from delayed delivery on a few large sites as well as supporting SME housebuilders who are more likely to build out sites quickly. As a minimum the council will need to ensure, in line with paragraph 69 of the NPPF, that at least 10% of its housing requirement, around 2,600 homes, is delivered on sites of less than one hectare. However, the HBF would suggest that the council seeks to exceed this as well as identify a range of medium sized sites that will broaden the type and location of sites being developed ensuring a diverse market in new homes that is necessary to ensure the required delivery rates.
30. In order to increase the number of small sites and support small house builders the HBF would also agree with the recommendation that the Council look to streamline the requirements relating to smaller sites in relation to policy requirements, information or planning obligations. Planning is seen as the biggest barrier to small house builders delivering more homes, with the increasing complexity and cost being a key barrier to entry.

and expansion for SME house builders. Given that SME housebuilder on the whole build out schemes more rapidly it is clearly in the Council's interest to support the growth of this sector in Arun.

31. Secondly the council must be cautious as to the delivery expectations on the sites it has allocated. It is tempting for the Council to agree delivery rates that are overly optimistic as this will allow the Council to allocate fewer sites in order to meet needs. However, as the council have found out this is a double edged sword when those expectations are not met. It is vital that the council inject a degree of caution into any delivery assumptions recognising the potential risks to schemes coming forward and considering the evidence from other areas as to the time it takes for some schemes to come forward. This is likely to require more sites to be allocated to ensure needs are met but it will mean that supply is more consistent across the plan period and the council less likely to fail the Housing Delivery Test in future.
32. Finally, if the Council wants to ensure build out rates are maximised, they should not seek to digress from current technical standards set out in building regulations. For example, the council are considering requiring higher technical standards in relation to energy efficiency, however such requirements may mean changes to the way a home is built compared to current standards and practices which could not only lengthen the time taken between planning and first commencement but also slower delivery rates once a site has commenced. If the council wants to maximise delivery rates it must limit the additional complexity it places on development and rely on national standards wherever possible.

### **Telecommunications and digital infrastructure**

33. The Council are no doubt aware that R of the Building Regulations: Physical Infrastructure and network connections to new dwellings (2022 edition) require all new build dwellings to be installed with the gigabit-ready physical infrastructure connections subject to a cost cap of £2,000 per dwelling. These requirements mean that it is unnecessary for the Council to include policies in the local plan relating to new broadband or telecommunications infrastructure as is suggested in the penultimate bullet point of paragraph 7.17. As for the provision of high speed broadband to development this is for the infrastructure providers to deliver and for the council to facilitate through the local pan as it is beyond the developers control to deliver these improvements.

### **Place making and heritage.**

34. The principle behind the 20-minute neighbourhood is one that is a reasonable aspiration to take forward within the local plan, but the Council must remember that this should be seen as an aspiration within appropriate locations rather than a blunt tool for development management or site allocations across the Borough. For example, the Council note the application of this principal in more rural areas is inevitably more difficult as populations are generally too low to meet all the features of a 20-minute neighbourhood. However, this should not prevent development from happening in such locations where appropriate.
35. Firstly, there may be clusters of villages that provide a range of services for that area within reasonable travelling of each other. These areas might be able to sustainably support a substantial level of development but may not meet the principles of the 20-minute neighbourhood and as such development in such areas is not supported in the local plan.
36. Secondly, the Council will need to recognise that settlements that currently do not have the services that are consistent with the 20-minute neighbourhood could expand to include those services if new development is allocated in those areas. The 20-minute neighbourhood should not be used as a basis for only locating development close to existing services rather identifying where services could be improved through new development. There is a real danger that the principle could be used negatively and become a way of preventing development in certain communities rather than promoting improved neighbourhoods.
37. Finally, the Council must also recognise that if it seeks to apply this principle there is a need for the Council to provide a strong leadership function for local public services to ensure that these are in place and are retained. The Council must ensure that they and their partners are able and willing to support this concept at larger strategic developments or where the Council is seeking to deliver higher density development. Without this strong co-ordinating role, the Council are unlikely to achieve their aspirations in relation to the 20-minute neighbourhood.

## **Infrastructure**

38. The HBF agree that it is important that the necessary infrastructure is in place to support development and that this is a key part of the local plan. This may require development to be phased in order to come forward in line with infrastructure that is required to support

development. However, the HBF is increasingly concerned that Councils are including development management policies in local plans that seek to prevent development coming forward unless they can show there will be sufficient infrastructure in place at the point of application despite the infrastructure provider making no objection to that development or suggesting additional infrastructure is required through the preparation of the local plan. In particular we are seeing this in relation to water and waste water infrastructure. Therefore, we are concerned that the penultimate bullet point of paragraph 9.9 suggests that such a policy restricting development may be included in the Arun Local Plan.

39. Policies in local plans relating to applicants having to show that there is sufficient capacity with regard to water supply and wastewater services are unnecessary and unlawful because they are an attempt to get applicants to do things for which they are not legally responsible. Instead, it is the responsibility of water companies, working with local authorities and the Environment Agency, to plan for the future demand for water services relating to the development requirements proposed in local plans, not applicants.

40. As the Council are no doubt aware water companies are subject to statutory duties under S37 and 94 of the Water Industry Act 1991 (WIA 1991). Section 37 of the Act imposes a statutory duty on all water companies to provide and maintain adequate infrastructure and potable water supplies. This section states:

*“S37 General duty to maintain water supply system etc.*

*(1) It shall be the duty of every water undertaker to develop and maintain an efficient and economical system of water supply within its area and to ensure that all such arrangements have been made -*

*(a) for providing supplies of water to premises in that area and for making such supplies available to persons who demand them; and*

*(b) for maintaining, improving, and extending the water undertaker’s water mains and other pipes, as are necessary for securing that the undertaker is and continues to be able to meet its obligations under this Part.*

*(2) The duty of a water undertaker under this section shall be enforceable under section 18 above—*

*(a) by the Secretary of State; or*


*(b) with the consent of or in accordance with a general authorisation given by the Secretary of State, by the Director.”*

41. Consequently, it is for the water company to plan for and then provide a sufficient supply of water whilst also considering its other obligations relating to wider environmental impacts such as those raised by Natural England. It is not for the developer to either anticipate those or to have to remedy this. Simply put the issue of water supply when considering planning applications is not a land use planning matter but one to be resolved by the water company in conjunction with the relevant statutory agencies.
42. If the water company is unable to supply water to meet expected levels of development, this must be disclosed in the WRMP. If unforeseen events occur after the WRMP is adopted, meaning that the water company is now unable to provide the water services required, then the local authority must reflect those problems in its local plan. HBF recognises that this could represent a significant barrier to the delivery of the local plan. It might even mean that the development requirements cannot be delivered, either in part or in their entirety.
43. If water services cannot be guaranteed, then the development requirements in the local plan cannot be delivered. Consequently, the local plan is unsound. The plan cannot be made sound in relation to matters of water through policies in that plan stipulating actions that applicants must take as they cannot provide the water services.
44. Housebuilders cannot resolve the problems relating to water services through policy measures or conditions. Water companies, local authorities the Environment Agency cannot ignore their statutory responsibilities in terms of planning for water by deflecting this onto housebuilders. Therefore, this paragraph in CL4 should be deleted as it is not consistent with the legal framework governing the supply of water and wastewater service to new development.

### **Future engagement**

45. I trust that the Council will find these comments useful. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry if that would be helpful. The HBF would like to be kept informed of the progress and adoption of the Local Plan. Please use the contact details provided below for future correspondence.

Yours faithfully



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