

Sent by email to: [gnlp@norfolk.gov.uk](mailto:gnlp@norfolk.gov.uk)

21/03/2018

Dear Sir/ Madam

## **Response by the House Builders Federation to the Greater Norwich Local Plan**

Thank you for consulting the Home Builders Federation (HBF) on these growth options for the 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.

### **Duty to Co-operate**

We are pleased to see the three authorities involved in this strategic cross border local plan work together to meet the needs of the Greater Norwich area. This level of co-operation, if sustained and housing needs are met, will ensure that each Council's requirement under the duty to co-operate is likely to be fulfilled.

### **Housing need**

We would not disagree with the Council's decision to prepare a plan that is based on the Government's proposed standard methodology and would deliver 39,000 new homes between 2017 and 2036. This is a pragmatic decision and ensures that the Council is able to respond to the clear signals from Government regarding the importance of meeting current housing needs, addressing any back log and improving affordability across the Country.

We would also support the proposal to allocate sufficient land to deliver 10% above the identified housing requirement of 39,000 homes and not to include windfall within the 39,000 homes. Such an approach is appropriate and recognises that windfall rates cannot be forecasted accurately and should be seen as a bonus rather than a form of delivery that can be relied upon to meet any gaps between allocated sites and housing needs.

### **The Growth Options**

In deciding on the options to take forward it will be important to ensure that a wide variety of sites, both in terms of location and size, are allocated. By providing a reasonable mix of sites across the Greater Norwich area the Council's will be able to support a wider

range of house builders allowing for greater competition and a wider variety of housing types to meet identified housing needs. The importance of allocating small sites is an issue to which the Government is also attaching great weight. This issue was raised by Government in the Housing White Paper and has been taken forward into the draft NPPF where it is proposed, in paragraph 69, that 20% of the sites allocated in a local plan should be for half a hectare or less. We would suggest the Greater Norwich Local Plan seeks to meet this key aspiration.

## **Green Belt**

The HBF does not support the establishment of a new Green Belt around Norwich. There are sufficient tools to manage development in appropriate manner and ensure development comes forward in a sustainable manner. In fact, Green Belts often prevent the most sustainable forms of development being delivered with housing needs having to be delivered in communities outside of the Green Belt once the development capacity of the city and its suburbs have been reached. Green Belt prevents expansion at the edge of the city and requires the development of settlements outside of the Green Belt, often in more rural communities. For this reason alone, it would seem odd for the Campaign to Protect Rural England (CPRE) to be so keen on a Green Belt for Norwich that seeks to protect those people living on the edge of the city in favour of development in more rural areas.

However, the CPRE considers there to be sufficient land within the urban area to support the growing needs of Greater Norwich without developing greenfield sites. But it must be remembered that developable land in urban areas is finite and that the introduction of Green Belt would have significant long-term consequences about where development would go in future.

The call for Green Belt from CPRE also ignores the fact that Government are looking to amend the National Planning Policy Framework to ensure improved densities on appropriate sites in the urban area. This and the long-established commitment to the principles of urban regeneration reduce the need for Green Belt and one of its core principles of supporting the economic regeneration of our cities. In fact the majority of Green Belt Reviews that have taken place in recent years do not even consider this purpose as it is largely believed to have achieved this aim. The commitment to the continued development of Norwich in the Local Plan and the new approach to minimum densities and brownfield development in Government policy significantly reduce the need for a new Green Belt around Norwich.

By taking a considered and well thought through approach to meeting housing needs a LPA (or in this case three LPAs) can manage development most appropriately through the allocation of sufficient land to meet development needs. It can also identify the most important and sensitive landscapes and habitats are protected rather than place a blanket moratorium on development in a ring around Norwich. We would therefore urge the LPAs preparing the Greater Norwich Local Plan to resist calls for a Green Belt around Norwich. It is not only unnecessary given the existing development management policies it will also have long term sustainability issues by restricting the ability of the Council's to deliver growth in some the most sustainable locations.

## **Affordable housing - threshold**

We do not support option AH1. The history behind the Government's small site exemption policy and the Written Ministerial Statement that brought it into national policy is long and tortured and does not need repeating. However, what must be remembered is that following the various legal challenges the final decision was that the Government were able to introduce new policy in this manner and that it should be given the same weight as if it were in the National Planning Policy Framework. However, as the final judgement rightly addressed this is one material consideration amongst many that the Council must consider but, having said that, significant weight must be attached to national policy. This means that in order to depart from such a key part of the Government's policy framework the bar must be set very high.

It is also important to establish the reasons for the introduction of the policy. The Ministerial Statement is clear that the purpose of the policy was to "ease the disproportionate burden of developer contributions on small scale developers". This is distinct from whether or not such development are viable in general but whether they are a disproportionate burden on a specific sector that faces differential costs that are not reflected in general viability assessments. These costs have led to a reduction in the number of small and medium (SME) sized house builders. Analysis by the HBF<sup>1</sup> shows that over the last 30 years changes to the planning system and other regulatory requirements, coupled with the lack of attractive terms for project finance, have led to a long-term reduction of total SME house builder numbers by about 70% since 1988. The Government is very anxious to reverse this trend and increase the number of small businesses starting up and sustaining this activity. Improving business conditions for SME home builders is the key to long-term supply responsiveness.

We would therefore recommend that any policy on affordable housing introduced through the Greater Norwich Local Plan is wholly consistent with the relevant paragraphs in Planning Practice Guidance. The policy on affordable housing must only require contributions on development of more than 10 homes with a floor area greater than 1000 sqm.

## **Affordable housing - proportion**

In setting the proportion of development on appropriate sites that should be affordable the Council are required to ensure that it is viable. As such the statement by the Council that a policy seeking less than "27% is unreasonable" as it would not deliver the amount of affordable housing required is incorrect. If development could only viable sustain 20% affordable housing that would be a perfectly reasonable option. This would then require the LPA to consider increasing their housing requirement to deliver more affordable homes. PPG recognises this situation in paragraph 2a-029 which outlines that an increase in the total housing figures should be considered if it would help deliver affordable homes. In fact the council itself considers the very same issue in option AH3

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<sup>1</sup>[http://www.hbf.co.uk/?eID=dam\\_frontend\\_push&docID=25453&filename=HBF\\_SME\\_Report\\_2\\_017\\_Web.pdf](http://www.hbf.co.uk/?eID=dam_frontend_push&docID=25453&filename=HBF_SME_Report_2_017_Web.pdf)

which recognises that it may need to increase the scale of housing allocations in order to meet its affordable housing needs.

Therefore, the key question is whether development in the Greater Norfolk area can sustain a 27% affordable housing requirement in combination with any other financial or policy costs that would be required by the Greater Norwich Local Planning Authorities. The viability study published by the Council as part of this consultation shows that the viability of development in the Greater Norwich area is sensitive to changes in value or the costs of development. As such it is important that the Local Plan does not seek to impose such costs that push at the margins of what is viable and restricts the level of development that comes forward. This is key concern of Government and is reflected in paragraph 10-008 of PPG which states *“Plan makers should not plan to the margin of viability but should allow for a buffer to respond to changing markets”*. Even small additional costs to development, either site specific or from policy, could lead to sites being made unviable. It will therefore be important for the Council to set its affordable housing threshold at a reasonable level to avoid the need for negotiations on affordable housing provision on a case by case basis – something the Government has indicated in the draft NPPF that it is keen to ensure in future.

#### *Exemption for older peoples’ accommodation providers*

Providers of accommodation of older people (assisted care housing, supported housing, sheltered housing, retirement housing) should also be exempted from the requirements of this policy. This is because they operate a very different business model to developers providing more conventional housing types. There are two main factors. First, the amount of development on a site that contributes to its gross development value (its saleable value) is much reduced compared to other more conventional housing providers building houses or flats. This is because many of the facilities provided on site by providers for older people, are shared areas. Second, it is hard, and sometimes inappropriate to integrate affordable housing on site. Consequently, few older peoples’ schemes are able to viably provide affordable housing on site. They typically rely on providing payments in-lieu to contribute to affordable housing off-site. Given that viability would appear to be sensitive to such increases in costs we would recommend that developments for older people only be required to make a financial contribution to supporting affordable housing where this is viable to do so.

#### **Health Impact Assessments**

We would support COM 3 which would not require a Health Impact Assessment (HIA) for any scale of development. The Local Plan, and the policies it contains, should seek to ensure that development is delivered in a way that supports healthier communities. If an application meets the policy requirements of the Local Plan it should in theory support the Council’s objectives for healthier communities. If policy compliant development does not achieve this then that is a failure of the plan to meet the requirements of the NPPF. The use of HIAs is just another burden on the development industry that makes little difference to development and does not aid decision making.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

Mark Behrendt  
Planning Manager – Local Plans  
Home Builders Federation  
Email: [mark.behrendt@hbf.co.uk](mailto:mark.behrendt@hbf.co.uk)  
Tel: 020 7960 1616