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13/09/2019

Dear Sir/ Madam

### **Response by the Home Builders Federation to the Draft Crawley Local Plan consultation**

Thank you for consulting the Home Builders Federation (HBF) on the Draft Crawley 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. Having considered the draft local plan our key comments relate to:

- The duty to co-operate and ensuring the Council's housing need are delivered
- Making effective use of land
- Inclusive design
- Future housing mix
- Affordable housing
- The impact of the proposed policies on viability
- Self-build housing
- Sustainable design and construction
- Car parking standards – electric vehicles

#### **Duty to co-operate and housing needs**

The Local Plan makes provision for 4,806 additional dwellings over the plan period leaving an additional 6,475 new homes to be delivered elsewhere. This is a significant amount of homes and the Council will need to ensure, using the duty to co-operate, that it identified in the submitted local plan where these homes will be delivered. We note that the Council cites a number of joint documents as evidence of past co-operation. Whilst we welcome this it will be important to now use this evidence as the basis for the preparation of shared policies that actually deliver the sites necessary to ensure needs are met in full.



## **Urban extensions**

As part of its planned co-operation with other Borough's policy H1 highlights that the Council is proposing to examine the potential of delivering urban extensions to Crawley with further detail on such considerations provided in H3g. We would support the delivery of urban extensions which will be essential for the Council to deliver in order to meet its housing needs. To deliver these will clearly need agreement with its neighbours and the Council must prior to submitting this plan reach agreement as to where and how these extensions will be delivered. In identifying locations for extensions, the Council should consider the full range of development opportunities on the edge of the urban area from strategic scale extensions to the allocation of small sites. Allocating a range of both large and small development sites the Council will be better able to ensure delivery across the plan period.

Where Councils focus on a few larger strategic extensions the majority of development will inevitably occur later on in the plan period delaying the potential benefits from any boost to housing supply. Given the Council's economic ambitions for the Borough it will be important for the Council to provide consistent housing growth over the plan period providing the mix of homes that will ensure it is able to support the types of jobs being provided over the plan period. We would therefore recommend that part vii of policy H3g which require urban extensions to be "*comprehensive neighbourhoods*" is deleted. Well planned smaller developments on the edge of settlements can through good design be integrated into existing neighbourhoods as well as support the long-term sustainability of existing local facilities and to prevent such development opportunities is unjustified.

## **Making effective use of land**

We cannot comment on where higher densities would be most appropriate and it will be necessary for the Council to carefully consider their options. We note in policy CD4(b) that higher densities will be considered appropriate around stations and in town centres. These locations would appear to be consistent with the approach set out in the NPPF. However, we are concerned that the Council has looked to set a minimum density of 95 dpa on all small-scale infill development. Such sites inevitable need to conform with the nature of the surrounding area and the Council should not seek to impose unnecessary burdens on such sites. We are also concerned that the imposition of minimum densities could reduce the viability of such sites and the Council will need to carefully consider whether this policy will limit the number of such sites coming forward. Given that the Council expects at least 55 units per annum to come from windfall it will be important to ensure such sites are not unnecessarily prevented from being developed.

## **Inclusive design**

Footnote 46 of the NPPF (page 39) states that "*Planning policies for housing should make use of the Government's optional technical standards for accessible and adaptable housing, where this would address an identified need*". As such the Council

must ensure that their policy is meeting an actual and evidenced need. We would question whether the evidence supports all new homes being built to part M4(2) standards as is required by policy CD10 and is unjustified. The Council state that the number of people over 65 are expected to increase by 55% and that 30% of households contain at least one person with a long-term health condition or disability. Whilst we would not disagree with these figures it is unlikely that all people over 65 or those with a long-term health problem or disability will need a more accessible home and the Council should not assume that they will. This would appear to be supported by the English Housing Survey which found that in 2014-15 only 9% of all households in England that had one or more people with a long-term limiting disability actually required adaptations to be made to their home. It would appear that for the majority of households a home built to part M4(1), the mandatory standard, will be sufficient to meet their needs now and in later life.

### **Future housing mix**

We appreciate the overall flexibility with regard to housing mix provided by this policy and its recognition that housing mix will be dependent on the size and characteristic of the site being developed. However, we do not consider that all sites should be required to provide a mix of homes. Smaller sites of 10 units and less are inevitably less able to secure a mix of housing types and size and as such should be exempt from this policy. We do not consider the housing mix test set out in policy H4 to be necessary or justified. We appreciate that the Council is seeking to ensure that where a site cannot meet the housing mix set out in paragraph 12.84 then there is a minimum mix that should be provided. However, where a development cannot meet the required mix then it should be for the developer to determine the nature of the mix that will enable that site to be delivered. We would recommend that the test be deleted.

### **Affordable housing**

The Council will need to ensure that its affordable housing policy remains viable given the introduction of new policy elements within the local plan such as net biodiversity gain and that it takes account of any additional infrastructure costs that are expected to be funded by new development. Until the impact of these costs on development have been tested it is not possible to say whether a 40% requirement for affordable housing is justified.

The policy is not consistent with national policy in that it requires a contribution for affordable housing from all development. Paragraph 63 states that provision of affordable housing should not be sought on “*residential developments that are not major development*”. No justification is given by the Council for this departure from national policy and therefore H5 must be amended to only require contributions toward affordable housing from major residential development.

## **Viability**

The NPPF 2019 at paragraphs 34 and 57 places significant emphasis on the testing of viability during the preparation of the Local Plan and the expectation that the cumulative impact of policies should not make the plan undeliverable and that decision makers can assume that planning applications that comply with all the policies in the local plan are viable. This position is reinforced by PPG which states at paragraph 10-002 that:

*“The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.”*

The importance to be placed on Plan stage viability has never been more critical. The Government considers that this emphasis on viability at the plan making stage will inevitably mean the need for negotiation on an application by application basis will be reduced and will only occur where there has been a change in circumstance. Given this focus on viability testing at the plan making stage the Government have set out in PPG have set out a recommended approach, including standardised inputs, that should be undertaken to support plan making. This provides a simple methodology to follow where a series of evidenced inputs steered by general parameters lead us to a residual land value where the range of local policy requirements are considered to be viable. If this is wrong or some of the key inputs are inappropriate it simply undermines the entire plan making process casting doubt on the deliverability of chosen allocations, creating further opportunities for speculative proposals, prolonged debate at EIP, delay and poorer planning. We understand that the Council are still to undertake a viability assessment of the policies in this new local plan and we would therefore suggest that in preparing this evidence the following aspects are considered.

### *Developer engagement*

The Council will need to show that it has engaged with the development industry and landowners in line with paragraph 10-006 of Planning Practice Guidance to secure evidence on costs and values. Whilst we recognise that there is national data on such costs it will be important to understand the actual costs of developing in Crawley to ensure development will come forward as expected.

### *Land value and benchmark land values*

Given the limited scope for negotiation outlined in the NPPF 2019 it is important that a cautious approach is taken with regard to benchmark land values in the viability study. PPG sets out that the benchmark to land value should be established on the basis of the existing use value of land plus a premium to the landowner - referred to in PPG as EUV+. The premium should be established on the basis of the minimum return at which a reasonable landowner would be expected to sell their land. The difficulty in assessing

what is considered a reasonable return to the landowner is an issue that has been faced by the development industry for a number of years and one that is not helped by the restraints placed on the development of land by successive Governments. The nature of the system itself severely constrains the availability of development land which, as it would in any market, leads to the value of this asset increasing. In such a market the price at which a reasonable landowner is willing to release their land will be high. The constraints in land supply faced by Crawley and its neighbour will mean that the level at which landowners are willing to sell their land will be higher and must be recognised in viability assessments considerations of land value. Our members therefore have significant concerns that if the additional costs placed on development by the local authority reduces the land value then land will not come forward for development rendering the plan undeliverable.

### *Development costs*

PPG recommends using the Building Cost Information Service (BCIS) data in relation to construction costs. It should be noted that the BCIS cost is only the cost of the house itself and is based upon a flat site with standard foundation, it does not account for all of the plot works nor any costs associated with more complex ground / gradient conditions. The Viability Assessment will therefore need to make an allowance of at least 20% of build costs to take account of more complex delivery and additional sites costs such as roads, drainage and services, parking, footpaths, and landscaping. Where the Council is requiring development at higher density the Council will need to ensure that these additional costs are reflected in the viability assessment. This is generally reflected in the higher build costs in BCIS for flatted development however where development requires undercroft parking to meet any standards in the Local Plan this should be recognised in addition to the BCIS costs.

PPG also requires viability assessments to reflect the implications of abnormal costs to development. However, the very nature of abnormal costs is that they are impossible to cost accurately prior to work commencing on site. It is important to acknowledge that such costs will generally occur to some extent on all sites and the Council must be willing to reduce any requirements where such costs are identified.

### *Fees and finance*

Our members suggest legal fees are in general 1.5% and marketing costs are between 3% and 5% depending on the strength of the market.

### *Profit*

Paragraph 10-018 of PPG suggests a total return of between 15% and 20%. Allowing for 40% affordable housing on major sites will mean that return on Gross Development Value is well below 20%. The HBF continues to recommend that a cautious approach is taken to profit, and that the developer return on market homes is increased to ensure that the return is closer to 20% of Gross Development Value. This ensures that the

overall profit reflects the long-term risks faced by the house building industry in bringing land forward for development.

### *Policy requirements*

It will be important for the additional costs being placed on development as a result of the local plan review are thoroughly tested. One particular concern we have moving forward is with regard to net biodiversity gain. This has the potential to be a significant cost on all development and will need to be appropriately considered within the viability assessment. Other policy requirements that may be adopted such as the provision of charging points for electrical vehicles, self-build homes and sustainable design and construction will also need to be thoroughly tested.

### **Self-build housing**

The HBF is supportive of the planning system supporting self-build homes but we are concerned that Council's seeking to achieve this in a way that will merely change the manner in which homes are delivered and not provide additional supply. As such we do not consider the Council's top down policy mechanism to meet its duty with regard to the delivery of self-build plots to be sound. Whilst PPG suggests using policies in local plans to support the delivery of self-build plots it also proposes in paragraph 57-025 other mechanisms including:

- Councils using their own land if available and suitable for self-build and custom housebuilding and marketing it to those on the register;
- Engaging with landowners who own sites that are suitable for housing and encouraging them to consider self-build and custom housebuilding and facilitating access to those on the register where the landowner is interested; and
- Working with custom build developers to maximise opportunities for self-build and custom housebuilding.

We could find no evidence as to whether the Council has considered any of these other suggested approaches. We would suggest that a more appropriate approach would be for the Council to state that it will work with landowners to secure the provision of self-build and custom build plots on appropriate sites. In particular we would expect to see the Council seeking bring forward new sites specifically aimed at self and custom-build development that will boost supply.

Furthermore, we are concerned that self-build register does not provide an effective assessment of the demand for self-build plots. It is easy to register as a self-builder and without in proper assessment as to an individual's ability or commitment to self-building there is a real risk that self-build plots will remain vacant. There is also a risk that individuals register on more than one list inflating needs across a number of adjacent authorities further inflating needs across a much wider area. As such paragraph 2a-017 of PPG requires Councils to assess and review data held on registers to ensure that the evidence remains accurate. In addition, paragraph 57-011 of PPG considers it necessary to additional data to understand the need for this type

of housing in future and to make reasonable assumptions and to avoid double counting. We would therefore suggest that the Council reviews its self-build register and considers other evidence to confirm whether or not it provides an accurate assessment of the demand for such plots.

Finally, we support the policies approach to the release of self-build plots back to the developer. Such mechanisms are essential to ensure that unsold plots do not delay the delivery of new homes.

### **Sustainable design and construction**

The HBF acknowledges that the Government has not enacted its proposed amendments to the Planning & Energy Act 2008 to prevent the Council from stipulating energy performance standards that exceed the Building Regulations but consider that the Council should comply with the spirit of the Government's intention of setting standards for energy efficiency through the Building Regulations and to maintain this for the time being at the level of Part L 2013 (as set out in Fixing the Foundations, HM Treasury, July 2015). Under the 2019 NPPF new development should be planned to help reduce greenhouse gas emissions by its location, orientation and design. Any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards (para 150b). The Government has sought to set standards for energy efficiency through the Building Regulations. The starting point for the reduction of energy consumption should be an energy hierarchy of energy reduction, energy efficiency, renewable energy, and then finally low carbon energy. From the start, emphasis should be on a "fabric first" approach which by improving fabric specification increases thermal efficiency and so reduces heating and electricity usage consequentially newly built homes are far more energy efficient than the existing housing stock. We support the movement towards greater energy efficiency via a nationally consistent set of standards and a timetable for achieving any enhancements which is universally understood and technically implementable. It is the HBF's opinion that the Council should not be setting different targets or policies outside of Building Regulations. The key to success is standardisation and avoidance of every LPA in the country specifying its own approach to energy efficiency which would mitigate against economies of scale for both product manufacturers, suppliers, and developers.

### **Car parking standards – electric vehicles**

If the use of electric and hybrid vehicles is to be encouraged, the HBF support a national standardised approach which should be implemented through the Building Regulations. Any Option for the inclusion of a policy requirement for electric vehicle charging should be clearly written and unambiguous (2019 NPPF para 16) specifying the quantum and type of provision sought either AC Level 1 (a slow or trickle plug connected to a standard outlet) or AC Level 2 (delivering more power to charge the vehicle faster in only a few hours) Electric Vehicle Charging Point (EVCP) or other alternatives. The requirement should be supported by evidence demonstrating technical feasibility and financial viability. There may be practical difficulties associated with provision to apartment developments or housing developments with communal

shared parking rather than houses with individual on plot parking. Any requirement should be fully justified by the Council including confirmation of engagement with the main energy suppliers to determine network capacity to accommodate any adverse impacts if all or a proportion of dwellings have EVCPs. If re-charging demand became excessive there may be constraints to increasing the electric loading in an area because of the limited size and capacity of existing cables and new sub-station infrastructure may be necessary

We would also recommend that the parking standards are set out in the local plan rather than being set out in supplementary guidance. Given that an application could be refused on the basis of these standards they must be considered policy and published within the local plan. As such they then cannot be amended without the necessary scrutiny afforded amendments to local plan policy.

We hope these comments are helpful and if you would like to discuss these issues further please contact me.

Yours faithfully

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

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