

Sent by email to: localplan@babberghmidsuffolk.gov.uk

30/09/2019

Dear Sir/ Madam

Response by the Home Builders Federation to the Babergh and Mid Suffolk Local Plan consultation

Thank you for consulting the Home Builders Federation (HBF) on the preferred options for the Babergh and Mid Suffolk 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.

Policy SP01 Housing needs

We would support the commitment to identifying a buffer of approximately 20% in order to ensure the Council meet its housing needs. This recognises the inevitability of delays to delivery, especially on larger sites, and in order to ensure the Council meets its housing requirement it must allocate sufficient land to deliver beyond baseline housing needs. However, in addition to guaranteeing the local plans delivers the needs for Babergh and Mid-Suffolk (B&MS) it will be important for the Councils, as required by paragraph 60 of the National Planning Policy Framework (NPPF), to meet any unmet needs arising from neighbouring areas. Whilst we understand that within the HMA both Ipswich and Suffolk Coastal have stated they will meet their own needs we are concerned that Ipswich may struggle in this regard. The City is tightly bound and has fewer development opportunities on which to deliver housing and there must be concerns as to whether those opportunities that do exist can be viably developed at the densities required for Ipswich, in particular, to meet their housing needs. It will therefore be important that B&MS work with Ipswich to understand the extent to which housing needs can be met and whether there will be a shortfall in delivery during the plan period.

Older people's housing needs

We note that the Council is, in policy LP7, looking to support specialist development to meet the needs of older people. However, we would suggest that the Council takes a



more proactive approach to meeting these needs and allocates sites for the development of retirement homes and other specialist accommodation. We would suggest the Council needs a strategic policy to support the provision of such development as required by the latest Planning Practice Guidance.

Housing mix

The HBF understands the need for a mix of house types, sizes and tenures and is generally supportive of providing a range and choice of homes to meet the needs of the local area. It is, however, important that any policy is effective and ensures that housing delivery will not be compromised or stalled due to overly prescriptive requirements or the need to provide significant amounts of additional evidence. Paragraph 11 of the NPPF recognises this need for flexibility stating that plans should be “*sufficiently flexible to adapt to rapid change*”.

Whilst we welcome the fact that SP01 does not prescribe a mix within the policy we would suggest that the opening sentence of this policy could be applied prescriptively and lead to all residential developments schemes being required to reflect established needs. We would suggest a slight modification that makes it clear that the mix of housing is a borough wide aspiration and not one for every development to deliver. This ensures that there is the flexibility for both decision maker and developer to respond positively to meeting the types of homes needed both across the joint planning area and within specific communities.

Housing trajectory

We note that the Council has not included a housing trajectory within this consultation document. It will be important for the trajectory to be included in the next iteration of this local plan as require by paragraph 73 of the NPPF. We would also suggest that alongside the overarching trajectory for the joint planning areas individual trajectories are provided for every site expected to support delivery. This will allow for an effective and robust assessment of the Councils’ delivery expectations at both the regulation 19 consultation and the examination in public.

Recommendation

The Councils:

- Include a strategic policy setting out its expectations with regard to meeting the needs of older people;
- Includes a housing trajectory for the joint local plan area in the plan and sets out in its evidence a table showing the delivery trajectory for each allocation within the plan.
- Amend the first sentence of SP01 to:

“Across the plan area the Council will seek to secure a mix, type and size of the new housing development ~~will be expected to~~ that

reflects established needs in the most relevant district needs assessment.”

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. Having reviewed the Council’s viability study commissioned by the Council we have the following observations.

Benchmark land values

Given the limited scope for negotiation outlined in the NPPF 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. The

Viability Study acknowledges this position and the different reason why landowners sell land. However, we would suggest that the minimum value will be higher than that suggested in the study. In such a market the price at which a reasonable landowner is willing to release their agricultural land for development will be higher than that proposed by the Council. We would suggest a minimum of 20 times agricultural value would be more appropriate.

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. We are pleased to note that the study includes an uplift for external costs, but we would suggest that 15% is too low and should be increased to 20%.

PPG also requires viability assessments to reflect the implications of abnormal costs to development. The published study includes a sum of £110,000 per net developable acre. 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 could be significantly higher than this figure and will need to be taken into account in decision making.

Fees and finance

Our members suggest that the fees will be higher than those set out in the local plan. We recognise that such costs will fall within a range depending on the nature of the scheme. However, given that paragraph 57 of the NPPF reduces the ability to negotiate planning permissions we suggest that the upper end of any costs associated with fees should be used. We would recommend the costs are adjusted with regard to the following fees:

- legal fees are generally between 0.75% and 1.5% depending on complexity. We would suggest a cautious approach is taken and the higher percentage is necessary; and
- marketing costs will be between 3% and 5% depending on the strength of the market;
- Professional fees can be up to 20% of build costs for more complex sites.

Profit

Paragraph 10-018 of PPG suggests a total return of between 15% and 20%. Allowing for 35% 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

We note that most of the policy costs have been tested. We would disagree with the cost of implementing Part M4(2) of the Building Regulations, Net Bio-diversity Gain and Electric vehicle Charging Points. Our specific concerns are:

- **Part M4(2)** – The cost proposed in the study taken from the work by DCLG includes an uplift in value from such properties. However, in reality such homes will be sold at the market rate with no additional value added to such properties.
- **Net Biodiversity Gain.** The study notes that policy LP17 will only have a medium impact. However, Government's proposals for net biodiversity are expected to have a significant impact on viability and this should be recognised within the study.
- **Electric vehicle charging.** This is required under policy LP30 and it must be recognised that the increase in the demand from charging could require further infrastructure to provide the necessary capacity. The costs of these should be included where necessary in the viability assessment.

Recommendation

The Council must revise its Viability Study to ensure the full costs of developing sites under this local plan are included.

LP06 – Supported and special needs housing

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. The Council state that the number of people over 65 are expected to increase by 20% and that there will be a growing number of households containing at least one person with a long-term health condition or disability. Whilst we would not disagree with the Council's claims, we could not find any detailed analysis as to how many people from both these groups will require their home to be adapted to a level beyond part M4(2).

We would suggest that 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. For example, the English Housing Survey found that in 2014-15 only 9% of all households in England had one or more people with a long-term limiting disability that required adaptations to be made to their home. However, 81% of these people considered their home to be suitable for their needs. It is clear that the majority of homes can be suitable modified to meet the needs of many older and disabled people and that for these households a home built to part M4(1), the mandatory standard, will be sufficient to meet their needs now and in later life. The Council must carefully consider whether half of all homes on developments of 10 or

more units must be built to part M4(2). We would suggest that whilst some should be built to part M4(2) it is likely to be significantly less than 50%.

Recommendation

That the Council undertakers a more in-depth assessment of the need for accessible housing with regard to its requirement for 50% of homes to be built to part M4(2).

SP02 and LP07 – Affordable Housing Policy

The soundness of the threshold will depend largely on the viability testing. As the Council will be aware affordable housing places a significant burden on developers and as we state above, it essential that the cumulative impact of all the policy and infrastructure requirements are considered in the viability assessment. With regard to the specifics of this policy we do not consider part 4 of LP07 to be sound. There is no justification for the Council to require an affordable housing contribution on sites they consider to be accommodating development above the threshold for affordable housing contributions. This creates the potential for arbitrary decisions based on broad density assumptions and as such is inconsistent with paragraph 16(d) of the NPPF.

Recommendation

That part 4 of the policy is deleted

LP23 – 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. The NPPF is clear at paragraph 150(b) that any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards.

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.

LP24 – Design and Residential Amenity

Footnote 46 on page 39 of the NPPF states that the nationally described space standards (NDSS) can be adopted where the need for internal space standards can be justified. We could find no evidence presented by the Councils providing the necessary justification required to support the implementation of the NDSS.

Recommendation

Unless appropriate justification as required by NPPF and PPG can be provided part 1e of this policy should be deleted.

LP30 – Safe, Sustainable and Active Transport

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 specify the quantum and type of provision sought at 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

Recommendation

That the Council ensure the appropriate consideration is given to the provision of electric vehicle charging points in the Infrastructure Delivery Plan and Viability Study

Conclusions

We are pleased to see that the authority has taken on board industry concerns regarding land supply and looked to allocate land to deliver 20% more than its housing requirement. If the allocation can be shown to be deliverable and developable then this strategic decision will provide the necessary flexibility required by paragraph 14 of the

NPPF. However, we are concerned that some aspects of the plan are not sound, and amendments will need to be made or further evidence obtained to justify the Council's position. 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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