

Sent by email to: planningforthefuture@bedford.gov.uk

03/09/2020

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the Bedford Local Plan Review

Thank you for consulting the Home Builders Federation (HBF) on the review of the Bedford 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.

Housing needs and supply

We would agree with the Council that the application of the standard method as currently set out in Planning Practice Guidance results in a local housing need assessment (LHNA) of 1,305 dwellings per annum (dpa). However, the NPPF recognises this figure is a minimum and outlines in Planning Practice Guidance that there will be circumstances where local planning authorities may need to plan beyond this minimum.

The first scenario that must be considered by Bedford is whether there are unmet housing needs arising in neighbouring areas that must be addressed, as required by both paragraphs 11 and 60 of the NPPF. This should include consideration as to whether additional supply should be considered to address the unmet needs arising in London. Bedford is within a reasonable commuting distance of the capital and with the likelihood of increased home working in future will mean the town and surrounding area are able to address some of the shortfalls seen in the capital.

Secondly the Council should consider options for delivering housing beyond its LHNA in order to support the Oxford to Cambridge Arc. As the Council note Bedford is at the centre of the Arc and the Council should, through this plan, embrace the potential to deliver growth beyond minimum requirements. The Council already acknowledge the benefits of the new east-west transport links and it is important for the Council to begin planning for growth in this plan and not future iterations.

Finally, in order to ensure needs are met in full it will be necessary to plan beyond the Council's housing requirement. The HBF recommends that the Council plans to deliver



a buffer of deliverable sites to provide a 20% buffer between the requirement and supply. Only with a substantial buffer can the Council guarantee that its housing needs for the whole plan period will be met. This particular applies to plans that seek to meet needs on a few larger sites where there are greater risks to sites coming forward on time and at the rates expected. Whilst we recognise that some schemes will deliver as expected some will not, with delays in relation to securing permission, signing off conditions and the delivery of infrastructure prior to development all leading to delays in the delivery of new homes. These concerns are also evident in research recently published by Lichfields¹ which shows that from the date at which an outline application for such developments are validated it can take between 5 to 8 years for the first homes to be delivered.

Plan period (Question 3)

We would agree with the proposed plan period ending in 2040. This would ensure that the plan is consistent with the minimum 15-year plan period required by national policy.

Potential locations for housing growth (Question 4)

The consultation document sets out a number of options broad question that we will not seek to answer directly. Largely, the decision as to where to build will depend on many factors ranging from the availability of developable sites through to the location of infrastructure both now and in the future. The HBF cannot comment on or promote specific locations for development but in our experience the most effective approach to delivering the levels of development required in Bedford is to ensure a wide variety of sites are allocated both in terms of size and location.

In particular we consider it important that the Council should look to identify sites that will ensure consistent delivery across the plan period by avoiding an over concentration of development in a specific area or an over reliance on large strategic sites. This is particularly important for areas like Bedford where there is still an acute need for new homes and already a significant number of strategic sites that are being delivered through the current local plan. Therefore, whilst the consultation document sets out a range of possible development scenarios for Bedford, we would urge the Councils not to fall on a single strategy at this early stage of plan preparation. It is more likely that the spatial strategy will include elements from many of the potential options set out in the consultation document

The Council must also ensure that spatial strategy will not prevent the Council from delivering the objective set out in paragraph 68 of the NPPF which requires at least 10% of its housing supply to be delivered on sites no larger than one hectare. These can be identified either in the Council's Brownfield Register or in the local plan itself, but they should not be part of an assumed level of supply within windfall estimates. The introduction of the 10% target for delivery on small sites was to reduce the risk of developing such sites that comes from an allocation in the local plan which would in

¹ <https://lichfields.uk/content/insights/start-to-finish>

turn encourage the growth in the number of smaller housebuilders operating across the Country. In turn the provision of small sites will improve early delivery in the plan period and the diversity of homes offered across Bedford.

Climate change (Q9 and 10)

The housebuilding industry, through the HBF, recognises that there is a need to move towards stronger measures to improve the environmental performance of new residential development. This is in terms of reducing carbon emissions in new homes, providing gains in biodiversity on all developments, green infrastructure and improving the environment around new developments.

However, the HBF, and our members, consider a national and standardised approach to improving such issues as the energy efficiency of buildings, the provision of renewable energy and the delivery of electric vehicle charging points to be the most effective approach that balances improvements with continued delivery of housing and infrastructure. It is the industry's preference for a national approach to improving the environmental performance of residential developments, rather than local authorities setting their own standards. We consider this is necessary to allow research and development and supply chains to focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements. It is fundamentally inefficient to create a plurality of standards.

The industry will clearly need to consider the Government's measures on the Future Homes Standard which were proposed to be mandatory for new residential developments in 2020. In terms of the new regulatory targets that will apply to new development from 2025 onwards – to deliver the objectives of the Future Homes Standard – the industry, with the leadership of the HBF, will be commissioning work to consider what the industry can do, taking into account developments in research and product development within that time-frame, and what new standards can feasibly be adopted and implemented by the industry.

Therefore, when considering their approach to such matters the Council should ensure that they are working within the current policy and legislative framework and not seeking to deliver a different range of standards that will work against the collective drive on this matter. The importance of a collective approach will also balance the cost of delivering the energy efficiency improvements required alongside other planning obligations and development aspirations that the Council are seeking to deliver through the Local Plan, such as meeting housing needs in full and improving the affordability of homes in this area. The Council will therefore need consider the consequences of introducing planning policy burdens on new development recognising that the costs of these will ultimately be passed onto the consumer or leave some sites undeliverable.

Prior to the future standards the Councils must take account of current guidance which sets out the approach that Councils should take with regard to technical standards relating to energy efficiency with paragraph 150 of the NPPF stating that:

“Any local requirements for the sustainability of buildings should reflect the Government’s policy for national technical standards.”

The Planning Practice Guidance (PPG) expands on this provision outlining that policies requiring higher energy performance standards than building regulations should not be used to set conditions on planning permissions with requirements above the equivalent of the energy requirement of Level 4 of the Code for Sustainable Homes. As such the aspirations of this plan with regard to improving the energy efficiency of new homes must be made within the context of this guidance if the plan is to be consistent with national policy and found sound. Such an approach will ensure that, in line with paragraph 148 of the NPPF, the local plan supports the transition to a low carbon future whilst also ensuring new development continues to provide the homes needed for future generations.

Environment (Question 12)

The approach to the natural environment in any updated local plan will clearly need to take account of the enacted requirements being proposed in the Environment Bill. It will be important that the costs of any requirements are fully considered in the Council’s viability study to ensure that development across the Borough remains deliverable. Some more general comments on regarding whole plan viability studies are outlined below.

Viability

The 2019 National Planning Policy Framework (NPPF) requires development viability to be resolved through the local plan and not at the planning application stage. The aim of this approach is to ensure that, as outlined in paragraph 57 of the NPPF, decision makers can assume that development which is in conformity with the local plan is viable and to, ultimately, reduce the amount of site by site negotiation that takes place. As such it will be important that the Council’s approach to its viability assessment and the costs it places on development are cautious to take account of the variability in delivering the range of sites that will come forward through 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.

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 NPPF viability assessments have taken the approach that these cannot be quantified and were addressed through the site by site negotiation. However, this option is now significantly restricted by paragraph 57 of the 2019 NPPF. As such these abnormal costs must be factored into whole plan viability assessments. We recognise that the very nature of an abnormal costs is

difficult to quantify, 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.

Whilst we recognise that abnormal costs are expected to come off the land value, we are concerned that if abnormal costs are high then it will 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.

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. The changing landscape with regard to viability assessment could lead to development slowing significantly if the correct variables are not taken into account.


Thirdly, the council must ensure that all the policy costs associated with the local plan are included within the viability assessment. Whilst affordable housing and infrastructure contributions for the majority of the additional costs that are placed on developers by the Council it is important that the cumulative impact of all policies are tested. With regard to the local plan review the Council will need to consider the impact of its proposed policies on self-build, open space, bio-diversity net gains, electric vehicle charging, sustainable design and construction; and renewable energy.

Finally, the approach to land values needs to be a balanced approach 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. Land is a long-term investment and the returns being offered must take account of this.

Conclusion

We hope these representations are of assistance in taking the plan forward. 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'.

Mark Behrendt MRTPI
Planning Manager – Local Plans
Home Builders Federation
Email: mark.behrendt@hbf.co.uk
Tel: 07867415547