

Sent by email

30/07/2021

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the vision and options for the Canterbury Local Plan

1. Thank you for consulting the Home Builders Federation (HBF) on the new Canterbury 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.

Draft vision and Growth Options

2. In terms of growth, we would consider either option B or option C to be appropriate. Both these options recognise that in order to drive forward the economic opportunities available to the Borough and improve infrastructure, the Council needs to ensure that there is sufficient housing delivered over the period of this local plan. The approach to the level of is not only to be welcomed but it is also consistent with national policy and guidance which clearly sets out that the standard method results in the minimum number of homes that need to be provided and that where growth strategies are to be adopted that is appropriate justification for a higher housing requirement to be adopted in a local plan.
3. However, what is not clear from the consultation document, or the Sustainability Appraisal is how these options differ from one another and how they might impact on the distribution of development across the Borough. There would appear to be differences with regard to the approach taken to improving movement and open space in the Canterbury, but further clarity is required to make any reasonable assessment as to the benefits of either option. Without further detail as to the distribution of development it is not possible for the Council to give a preferred option at this stage. Only once more detail is known as to the potential distribution



of development arising from both options the Council should make an informed decision as to which is the preferred growth option and spatial strategy.

4. However, in taking this strategy forward the Council will need to ensure that the local plan provides a range of sites that will deliver a wide mix of housing types and style whilst also ensuring homes come forward consistently across the whole plan period. Too often local plans focus allocations on a small number of large strategic sites that inevitably come forward later in the plan period. Whilst such sites are an important part of housing supply their allocation should not be to the detriment of small and medium sized sites. Such sites are important for a number of reasons. Firstly, they come forward quickly helping the Council in securing a sufficient supply of homes in the first five years of its plan and preventing housing needs being unnecessarily delayed. It is our experience that local plans which rely too heavily on strategic sites and push the majority of delivery toward the end of the plan period can result in plans arriving at examination without a five-year land supply and in the case of Brentwood being unable to meet its housing needs following revisions in the delivery trajectories of strategic sites.
5. Secondly, a wider variety of sites, both in terms of location and size, ensures that the plan increases the opportunities for small and medium sized housebuilders to deliver homes in the Borough. Up until the 1980s, small developers once accounted for the construction of half of all homes built in this country resulting in greater variety of product, more competition, and faster build-out rates. Since then, the number of small companies has fallen by 80% following the introduction of the plan-led system in 1990.
6. The HBF has undertaken extensive consultation with its small developer members. One of the chief obstacles for small developers is that funding is extremely difficult to secure with a full, detailed, and implementable planning permission. Securing an implementable planning permission is extremely difficult if small sites are not allocated. Without implementable consents lenders are uneasy about making finance available or else the repayment fees and interest rates they set will be very high. Small developers, consequently, need to invest a lot of money and time up-front in the risky business of trying to secure an allocation and a planning permission, and this is money that many small developers do not have.
7. If the Council are to ensure there is a wide variety of SME house builders operating in its administrative area, and the benefits it brings to the speed of delivery and variety of homes, it must ensure that there is a variety of sites. This is why the Government, through the NPPF, now requires local authorities to allocate sites of varying sizes and why the HBF advocates for the allocation of more small sites in local plans.

Housing and new communities

Meeting housing needs – types and tenure

8. The HBF does not consider the preferred option proposed by the Council to be sound as it does not provide the necessary flexibility to adjust to changing needs of the population of Canterbury. It is important to recognise that the local housing needs assessment (LHNA) produced by the Council is a snap shot in time of need across the whole borough. As such it cannot establish the different type of housing needed within specific areas of the Borough that will largely determine the type of development to be delivered. Setting a specific mix requirement for each site is, therefore, unjustified by the evidence. The Council should seek to aim for the broad mix of homes it requires across the borough, but it should not seek to specify a precise mix of what is required on all sites. The most effective way of achieving the broad mix of homes across the Borough, as mentioned in or comments on the growth options, will be through allocating a wide range of sites that will inevitably deliver a wide range of housing types and tenures. We would therefore suggest that the policy does not set a specific mix to be delivered. We would recommend that the policy moving forward should instead require applicants to take account the evidence set out in the LHNA, alongside monitoring evidence as to the homes that have been delivered, when establishing the mix of homes to be provided on site.

Providing opportunities for small and medium sized housebuilders

9. As set out above the spatial strategy must maximise the opportunities for the delivery of homes on small and medium sized sites through the allocation of such sites. Whilst national policy requires 10% of identified sites in the local plan or brownfield register as less than 1 hectare, however, this should be seen as a minimum. The HBF would suggest that a balanced land supply in any area should have a higher proportion of smaller sites to accrue the benefits in terms of delivery and mix set out in our response to the growth options. As such we would agree that HNC2C is the preferred options.

Brownfield land

10. Council should seek to maximize the opportunities for brownfield development through this local plan as suggested in the preferred option. However, it is important to recognise that brownfield sites can be more expensive to develop and as such the Council may need to reduce requirements for affordable housing or other obligations on such sites. The Government is clear at paragraph 57 that decision makers should be able to assume that an application is viable with all policy costs and that that negotiation should be minimised. This means that Council's will need to develop policies that recognise the higher costs of bringing forward brownfield land to ensure development can come forward whilst minimising negotiations relating to policy requirements such as affordable housing.

Low carbon and energy efficient housing

11. The HBF recognises the need to reduce carbon emissions from new homes. As such we are working with our members and Government to provide an effective route map in achieving the necessary reductions whilst also maintaining the supply of housing required to meet the country's needs. To achieve improvements in energy efficiency whilst maintaining supply requires not only the housebuilding industry to adapt but also those industries supporting it to develop the necessary supply chains that will ensure the products required to meet these standards, such as ground and air source heat pumps, are available.
12. There is still considerable work to do to ensure that supply chains are in place to supply the housebuilding industry as well as the technical skills in place to deliver and maintain systems such as ground and air source heat pumps, to guarantee they work as expected on a much larger scale. It is important that these systems when they are used work to ensure that the public are satisfied with the product and can rely on it to meet their needs. As such the HBF supports a clearly defined national approach to improving the energy efficiency of new homes and we are broadly supportive of the Government's phased approach to this matter.
13. We recognise that the Government in their recent feedback on the responses to the consultation on the Future Homes Standard will continue to allow Councils to set higher standards in their local plans. However, this should be seen within the context of the higher standards that the Government are proposing to be introduced from the start of 2022 and the statement in paragraph 2.41 of their response to the consultation on the Future Homes Standard that these standards will mean it is "*less likely that local authorities will need to set local energy efficiency standards*".
14. The preferred option proposed by the Council is therefore not consistent with the national approach being suggested by Government which allows for the transition to zero carbon homes by improving energy efficiency and decarbonising national grid. The proposed regulations are ones that ensure there is sufficient time for the development industry, and relevant supply chains, to deliver the Future Homes Standard from 2025. This stepped approach would see a 75% reduction in emissions compared to 2013 Building Regulations by 2025 but will allow supply chains to develop and ensure deliverability of the higher standard at the appropriate time. The Council must recognise that this not just an issue of viability but also one of deliverability and that, as the Government notes in paragraph 2.53 of their consultation response, the interim part L standards are a key stepping stone to implementing the higher standards from 2025.
15. By delivering carbon reductions through the fabric and building services in a home rather than relying on wider carbon offsetting, the Future Homes Standard will ensure new homes have a smaller carbon footprint than any previous Government policy. In addition, this footprint will continue to reduce over time as the electricity grid decarbonises. Therefore, the HBF considers the most effective approach in achieving national net zero commitments by 2050 alongside delivering the homes needed in any area is through the application of Building Regulations that allow for a transition to higher standards of energy efficiency and CO₂ reduction. As such

we would consider the preferred option and option HNC8B to be unsound as neither are consistent with national policy.

Water efficiency

16. Whilst we recognise the importance of reducing water consumption in water stressed areas the Government considers that this can be achieved through the application of the higher technical standard that limits consumption to 110 litres per person per day. There is no scope for the Council to require, as set out in their preferred option, a requirement of 90 litres per person per day on large or strategic sites. As such the preferred option is unsound and should not be taken forward.

Specialist housing needs

Older people's housing

17. The HBF consider it important that local plans look to allocate specific sites to meet the needs of older people. In particular the Council must look, in the first instance, to allocate those sites submitted for older people's accommodation that are in the most sustainable locations close to key services. As such we would agree with the Council's preferred option. However, we would suggest that the local plan goes further and looks to set out in policy:

- a target for the delivery of homes for older people and maintains a supply of land to meet that target. Whilst we recognise that there is not a requirement in national policy for the Council to maintain a specific supply of accommodation for older people identifying the level of need and monitoring supply would aid decision makers in the application of this policy and ensuring needs are met over the plan period. Such an approach would also ensure effective monitoring in relation meeting the needs of older people and encourage positive decision making if there is a deficiency in supply.
- support and encouragement for older persons accommodation on brownfield and other land in established urban and suburban environments and which is not allocated (i.e. windfall sites) given the level of need and that older people are most likely to prefer to continue to reside in established areas with which they are familiar.

Self-build

18. The evidence from the Council's self-build register would suggest that there is little demand for self-build homes within Canterbury and certainly not sufficient to require a proportion of plots on larger sites to be set aside for self-build or custom housebuilding. A more effective approach, and one advocated in Planning Practice Guidance, would be consider their own land for or work with other land owners to identify specific sites that could be allocated for self-build. This will allow

appropriate sites to be allocated for self-builders and ensure that these do not impact negatively on the delivery of other allocated sites.

19. If the Council does take forward its preferred option, it will be necessary for the policy to set out a process for returning plots to the developers should they not be sold. We would suggest that a twelve-month marketing period is sufficient given that the Council is required to maintain a list of those interested in building their own home in Canterbury.

Addressing changes in plan viability

20. Option HNC17C would most closely follow Government guidance which sets out that there may be circumstances where the level of planning contribution will need to be reviewed on the basis of viability. However, in order to deliver the Government's expectations that decision makers should be able to assume a development can meet all the obligations within the local plan the Council will need to ensure its viability assessment takes full account of all the costs being placed on development. Given that the viability assessment is still to be published and without this evidence it is not possible to comment on whether the Council's policy requirements, such as those for affordable housing, are viable and the plan as whole is deliverable. However, we would like to make some broad comments on viability in relation to the approach establishing the 2019 NPPF and its supporting guidance.
21. 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.
22. 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.

23. 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.
24. 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.
25. 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 form 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 bio-diversity net gains, electric vehicle charging, sustainable design and construction; and renewable energy. The viability assessment will also need consider the impact of future national policies on viability and whether there is sufficient headroom to ensure these standards can be addressed alongside the policies in the local plan.
26. 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.

Historic and natural environment

Biodiversity

27. The requirement for a 20% net gain in biodiversity is not sound. No justification has been provided as to why Canterbury is any different to the rest of the country and should set a higher requirement for net biodiversity gains. If Government considers 10% sufficient to mitigate the impact of new development in future, then this should also be an appropriate level of net gain for Canterbury. It is important to recognise that the Environment Bill does not set this as a minimum and at present there is no suggestion that policy allows for a higher requirement to be set in local plans.

28. It must also be remembered that a 20% requirement will have a significant additional cost to development. The costs set out by Government in its impact assessment indicates that overall, a 20% net gain requirement would lead to a 19% increase in the direct costs to developers. This assessment is based on scenario B where the majority of the net gain is delivered on site. It is also important to recognise that this assessment was based on estimates at a national and regional averages and estimates so is not directly comparable to local delivery. Firstly, at a local level a higher net gain requirement would potentially require more land reducing the developable area of a site, reducing the gross development value and site viability. Secondly, a higher degree of offsite mitigation may be required which, if scenario C of the Government's impact assessment is taken as a broad proxy¹, could see costs rise significantly per hectare. If all of the additional net gain being suggested by the Council as being required had to be delivered offsite that would be a considerable additional burden and could impact on the viability and deliverability of some sites.

Water Environment

29. Whilst this consultation recognises the current concerns with regard to increased nutrients at the Stodmarsh Lakes SSSI no mention is made as to how the Council and its partners seek to address this issue. The advice from Natural England has already led to Council's in the affected areas preventing development from being permitted unless it can show through an appropriate assessment that it will not cause further deterioration of the water quality at Stodmarsh. It is therefore essential that through the new local plan the Council ensure that this issue is affectively addressed in order to allow new development to occur.
30. We recognise that the Council is working with its neighbours and statutory partners to develop a strategy to ensure development can continue come forward across the County's affected areas. In developing this strategy, the HBF considers a key focus must be to secure the necessary improvements to waste water treatment plants (WwTP). Only through improvements to WwTPs to prevent or significantly reduce nutrients from entering the River Stour will this issue be addressed in the long term. It is our understanding that the water industry has been aware of the need to address the level of nutrients in discharged water for some time. Moreover, under Section 94 of the Water Industry Act 1991 Sewerage Companies have a statutory duty to provide adequate and effective wastewater treatment, including ensuring that levels of phosphates and nitrates meet effluent quality standards set by existing and transposed EU Directives. It should not be the development industry that pays the costs of any failure of the water industry to undertake its statutory duties.

¹ Table 14 of Defra Biodiversity net gain and local nature recovery strategies Impact Assessment indicates scenario C would cost developers in the South East of England £63,841 per hectare to deliver 10% net gains off site.

31. Whilst we note that the NE guidance identifies residential development as a key source of nutrients this is largely due to the failure of the water industry to remove nutrients before returning water to the Stour. Evidence in Natural England's advice shows that the majority (73%) of nutrients in the watercourse comes from WwTPs. Only 13% was as result of leaching from urban areas. This would suggest that if the treatment of waste water is effective in removing nutrients before returning water to the Stour, then the contribution of residential development to overall phosphates in the water course will be much reduced making any necessary mitigation simpler to achieve through, for example, sustainable drainage systems (SuDS). As such the Council and its partners must continue to press Government and its statutory partners to ensure WwTPs are improved to remove nutrients before returning water to the River Stour.
32. However, prior to improvements in WwTPs it is essential that both local and strategic mitigation is established to ensure that development can come forward in the short term. As set out in Natural England's guidance this is likely to require significant areas of agricultural land to be removed from use and converted to wildlife or community leisure uses. In taking this approach forward the Council will need to recognise that if the costs are placed on development for this mitigation, then it will impact on the viability of development. Whilst there may be the expectation that this is another cost that will come off the land value there will be a level at which land owners will just not be prepared to go below. The Council must therefore be careful to ensure that the other costs placed on development through the local plan are reasonable. We have set out our broad concerns with regard to viability in our response to issue HNC17.
33. The Council will also need to ensure that any mitigation is linked to other areas of habitat creation open space provision whether this, for example, is part of the SuDS for a development, land required to delivery net biodiversity gains or Suitable Accessible Natural Green Space (SANGS). Land used to deliver these other objectives can and should be used to help secure nutrient neutrality. This should be clearly recognised in any strategies to deliver nutrient neutrality and local nature recovery.
34. Thirdly, the Council must ensure that there is land made available to allow smaller sites to achieve nutrient neutrality. Smaller sites and SME developers will find it more difficult to achieve nutrient neutrality without a central site being available to offset their nutrients. Whilst a centrally provided pool of land to mitigate impacts of development will potentially benefit all developers it will have most impact in allowing smaller sites to continue to come forward.

Conclusion

35. 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'.

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