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10/3/2025

Dear Sir/ Madam

**Response by the Home Builders Federation to Charnwood Borough Council CIL Viability Appraisal Consultation, Mrach 20205 the Exeter Reg 18 Local Plan Consultation.**

1. Please find below the Home Builders Federation (HBF) response to the Charnwood Borough Council CIL Viability Appraisal Consultation, March 2025. 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.
2. HBF responded to the Leicestershire County Council Transport Assessment consultation raising serious concerns about the approach adopted. We note that Charnwood Council now intend to introduce a CIL in an attempt to address the serious concerns raised about the previous proposed approach. HBF welcome the Councils efforts to try and find a pragmatic and sensible way forward, but have some previously expressed our concerns about the Whole Plan Viability Appraisal which remain outstanding. The CIL Viability study draws on this previous work, and as such our concerns have to roll forward to become concerned about this study.
3. We also note that ES18 says “In order to implement CIL, a full CIL viability assessment should be undertaken. The scope of this could include commercial and retail uses as well as residential. This would also involve stakeholder consultation (both informal and formal).” This raises further questions about the evidence and its ability to support the deliverability of the Charnwood Local Plan, as more work is needed. Whilst HBF recognise the need for development to mitigate its impact, it is important that house builders are only asked to contribute their fair share to address the impacts of their development, including a recognition that there may be cumulative impacts. It is not appropriate to ask house builders to contribute to address existing deficiencies or impact of other developments on the transport network.

**Concerns about Charnwood Local Plan Whole Plan Viability assessment**

1. As HBF have previously notes, it is important for the whole plan viability assessment to fully consider the implications of all of the proposed policies to ensure that when taken together the policies do not make development, and in particular housing delivery unviable. It is likely that choices will need to be made, for example a requirement for a higher percentage of BNG than the mandatory 10% may lead to a lower percentage of affordable housing being viable, and vice versa. It is therefore essential that viability testing is an integral part of the plan-making process and informs the development of policy options.
2. To be most useful HBF suggest viability appraisals should be used in an iterative manner to test different policy combinations. HBF suggest that the whole plan viability assessment should be produced in tandem with the different stages of plan-making and not relegated to something prepared after the Reg 19 version of the plan has already been consulted on. We welcome that Charnwood Council has, for the most part, embraced this approach.
3. Whole Plan viability testing is an important part of the plan-making process. However, as noted in PPG (ID: 10-003-20180724) assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable, and therefore flexibility in the amount of affordable housing sought may be needed to deal with site specific issues.
4. At a very basic level viability can be improved by reducing costs or increasing values. Sometimes, therefore changing the type of affordable housing provided can help to improve viability of a specific site, and the plan should recognise this. This is another reason why flexibility within the Affordable Housing policy is needed. In this situation there may be a change in the percentages of different types of affordable housing provided, but the headline figure of how much affordable housing is provided would remain the same. Therefore, HBF request that the policies in the Plan recognise that viability may be an issue for some site-specific reasons and as such site-specific viability appraisals may be needed in some circumstances.
5. It should also be noted that viability issues may not just be limited to the delivery of affordable housing delivery. For example, a lack of BNG credits for a particular kind of habitat in a particular locally and/or a lack of part units could result in a scheme having to purchase a higher grade BNG unit than is needed, being subjected to the spatial multiplier penalty due to lack of availability of local units, and having to purchase a whole unit, all of which would unnecessarily increase cost to the developer, when compared to how the BNG system is intended to work.
6. Elsewhere in our representations on the Charnwood Local Plan (Reg 19, MIQs and at the Examination in Public) HBF have cautioned against policies that seek to go further and faster than national legislation and policy changes, which would lead to the creation of a patchwork of differing local policies which could inadvertently undermine the delivery of the wider environmental objectives the Council is seeking and create unnecessary delays to much needed new housing.
7. HBF would highlight the latest publication ‘Future Homes, One Plan Building a generation of high quality, affordable and sustainable homes and communities, together’ <https://irp.cdn-website.com/bdbb2d99/files/uploaded/Future%20Homes%20One%20Plan_Future%20Homes%20Hub%20Prospectus-%20FINAL%20WEB.pdf> . This was published in Nov 2023 and highlights what actions are needed to support the delivery of sustainable homes.
8. In particular HBF, would highlight ‘Issue 9. The Partnership Imperative’ on page 15 which states in the Local Government section that “Local planning requirements must align with the overall plan for improving performance standards at national level. For example, avoiding divergence of local energy standards that make it harder to accelerate improvement in standards at national level, and avoiding conflict between local planning conditions and new requirements of building regulations.”
9. The government has also recently provided further advice for local authorities through the Written Ministerial Statement which says “the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale.” See <https://questions-statements.parliament.uk/written-statements/detail/2023-12-13/HCWS123>
10. HBF have argued that the Council should also be mindful of the potential tensions between policies such as density and wider national and local policies on design, aspirations for locally accessible open space and requirements to create space for nature through BNG and other environmental policies. Such factors require land to deliver them as such will have an impact on achievable densities, and therefore viability.
11. There also a number of current and emerging policy requirements both locally and nationally that are putting viability under pressure. For example, information suggests that complying with the current new part L is costing £3500 per plot. The Future Homes Standard Part L in 2025 is anticipated to cost up to £7500+ per plot. There will also be the addition of the Building Safety Levy that is coming in pay for cladding. This will be a per plot basis around the UK, and initial values are around £3000 per plot. These costs appear to have not been fully considered in the viability appraisal.
12. Other factors that need to be taken into account include increasing costs of materials and labour due to inflation and the costs of mandatory BNG, which are still emerging as the off-site market is yet to be established. Although the initial price of statutory credits is now known this national fallback option has been deliberately highly priced to discourage their use. Whilst this intention is understandable, at present the lack of functioning local markets for off-site credits causes viability problems because HBF members experience to date suggests that any scheme that needs to rely on statutory credits becomes unviable.
13. The Whole Plan Viability Assessment should clearly set out how it considered the implications of mandatory BNG and how it arrived at the most up to date BNG costs information available to use. HBF suggest the costs of BNG should been considered as part of the planning obligations and should be specified as a single specific item. There are significant additional costs associated with biodiversity net gain, which should be fully accounted for in the Council’s viability assessment, some of which are unknown at this time. It is important that BNG does not prevent, delay or reduce housing delivery. As this is an emerging policy area and the market for off-site provision, and statutory credits are not yet known, any figure used for BNG costs will need to be kept under review as BNG implementation progresses and a greater understanding of actual costs become available.
14. These wider actors, combined with the local policy asks will need to be fully reflected in the whole plan viability assessment, before determining the level of affordable housing that can be provided. The same requirements should be applied to consideration of CIL rates too, especially as like BNG CIL rates will be non-negotiable and if flexibility other policy requirements is needed
15. At a very basic level viability can be improved by reducing costs or increasing values. Sometimes, therefore changing the type of affordable housing provided can help to improve viability of a specific site, and the plan should recognise this. In this situation there could be a change of the percentages of different types of affordable housing provided, but the headline figure of how much affordable housing is provided would remain the same. Flexibility in the policy is important to allow for these kinds of considerations.
16. Similarly, the geographical distribution of development, and whether sites are brownfield or greenfield, may also impact on the Plan’s ability to deliver affordable housing where it is most needed. HBF notes that the level of open-market housing provided may also impact on the amount of affordable housing that can be developed.
17. It will also be important to understand if there any geographically specific viability considerations, such as whether higher levels of open-market housing are required in particular areas in order to secure increased delivery of affordable housing in that location in a way that remains viable. Similarly, brownfield city centre sites tend to be most suited for apartments or retirement living. There will therefore likely be a need for the Charnwood Plan to include green fields allocations which are more likely to deliver family housing and a higher percentage of affordable housing, in order to provide flexibility in the housing land supply and ensure a range of housing types and tenures is provided.

**Ongoing Engagement- Attendance at Local Plan Hearing session(s)**

1. I trust that the Council will find these comments useful as it continues to progress its Local Plan. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.
2. HBF would wish to attend the Local Plan Examination Hearing Session(s) on this matter, current scheduled for Tuesday, 8 April 2025 (and possibly Wednesday 9 April) to ensure the views of the house building industry are represented at this session.
3. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours faithfully

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Rachel Danemann MRTPI CIHCM AssocRICS

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Home Builders Federation

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