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Liverpool City Region Combined Authority
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Dear Mr Dickens

LIVERPOOL CITY REGION: SPATIAL DEVELOPMENT STRATEGY 'OUR PLACES' CONSULTATION

Thank you for allowing the Home Builders Federation (HBF) the opportunity to comment on the emerging Spatial Development Strategy (SDS) for the Liverpool City Region. James Stevens, the HBF's Director for Cities, has prepared this response and he is the lead contact for all things in relation to the work of the Liverpool City Region Combined Authority (LCRCA).

The Home Builders Federation (HBF) is the principal representative body of the house building industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational plc's, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year. Recent research by the Government has estimated that housebuilders have made a significant contribution to the nation's infrastructure, providing some £21 billion towards infrastructure of all types including affordable housing since 2005. In 2018/19 private sector housebuilders provided 49% of all affordable housing including 57% of all socially rented homes.

HBF very much welcomes the efforts of LCRCA in preparing its first SDS. We are interested in exploring ways to assist the LCRCA in getting this plan through to adoption as swiftly as possible.

We have considered each of the six topics highlighted by the Mayor in his consultation and our response to each is provided below.

Topic 1: Environment and climate change

New housebuilding has an important role in responding to the challenge of climate change. This has two components: first, standards in relation to the quality, layout and performance of dwellings, and second, how new developments will mitigate and enhance the wider local environment within which they are situated.

There are a number of initiatives emanating from central government that will set new development standards in both of these areas. The LCRCA should give careful regard to these when developing specific policies for the SDS to avoid the potential for duplication and confusion.

First, LCRCA should have regard to the current Government's Future Homes Standard. This is a workstream that is likely to continue even if there is a change in



government. Among other things, the Future Homes Standard will establish new standards relating to the construction of homes in relation to renewable energy (carbon reduction) and water efficiency.

Second, in terms of the protection and enhancement of the wider environment, the Government's programme of mandatory bio-diversity gain (scheduled to take effect from April 2020), may deliver some of the environmental objectives of the LCRCA without the need for specific policies in the SDS, including the provision of green space. This will be a mandatory requirement to provide a gain of 10% but there is scope for discussion with the LCRCA about how it might be able to assist in the practical implementation of the requirement (such as the development of an offsetting scheme) if it is not feasible to provide this 10% gain on site.

These measures, when taken together, should address many of the suggested objectives identified within Topic 1. This should make it unnecessary to develop specific policies to be applied across the LCRCA area. In view of the other planning objectives, such as the need to give greater attention to design, place-making, cycle lanes, electric car charging points, while also ensuring development contributions to education and affordable housing are still possible, we hope that the LCRCA will monitor closely regulatory changes occurring at the national level as it develops its SDS policies, to avoid duplication and introducing additional complexity that might militate against delivery.

Improving the thermal efficiency of homes

The Government's current consultation on the *Future Homes Standard* proposes a regulatory increase in the thermal performance of new homes. It is consulting on two options. Both options involve an improvement in the fabric performance of new dwellings above current Part L, but option 2 involves the use of additional technology. Government is consulting the public on which of the two options should be adopted in the Building Regulations – whether it is option 1 (20% improvement on current Part L or a 31% improvement). The current Government proposes that the new standards will be adopted in 2020. Estimated costs for new houses and flats are set out on pages 24 and 25 of the consultation. The Mayor should have regard to these costs when preparing the viability assessment to support the SDS.

We recommend that the LCRCA monitors these developments at the national level. It is HBF's view that it will be unnecessary to make local policy in this area as there will soon be a new national standard for energy efficiency in homes. If the Mayor (and others) chooses to go further than Part L then this could create inefficiencies in supply chains, add cost and ultimately direct money and resources away from supporting other key policy objectives.

The *Future Homes Standard: 2019 consultation on changes to Part L and Part F* provides estimated costings associated with delivering the various energy efficiency options.

Cycle lanes

Planning for public transport is critical. This may be hard to achieve if the SDS is unable to indicate the main corridors/areas for growth for homes and employment.

Unlike local plans, the SDS provides an opportunity for the LCRCA to devise a proper transport strategy for the six local authorities of the city region (NPPF, para. 20).

However, to be truly effective, the transport strategy would need to show how it will support other land use decisions. In terms of cycle lanes, these would need to be planned and shown in the SDS so that they can connect residential areas with important locations for work. Cycle lanes can be more easily provided and incorporated into new residential areas than retrofitting these within existing developed areas but without a higher-level spatial plan showing where they are needed then it is difficult to see how these could be effectively connected-up with other cycle and road networks.

The drawback for the SDS in planning for transport is the proposal that it will devolve decisions regarding the location of strategic developments (residential and employment) to the local authorities. The SDS, to be effective, really needs to provide some kind of spatial plan for the city-region, showing areas and channels where investment will be prioritised to support housing delivery and economic growth. Learning the lesson from the West of England Joint Spatial Plan, the SDS will need to be clear why the favoured growth locations are considered to be more sustainable than other candidate areas.

Reducing car dependency

The objective of reducing car dependency would be helped by the preparation of an SDS that shows how the Mayor's transport strategy will be implemented in practice across the city region. The SDS should show where public transport is available, where there is the intention to provide new services, or where existing services are to be enhanced (see NPPF, para.102). Land-use decisions will tend to follow from this. Ideally, the SDS should indicate the broad locations / corridors for growth and the strategic development locations that complement the transport strategy and infrastructure investment plan. This task could be made more difficult if the SDS does not indicate how development needs will be apportioned among the six authorities, and where the principal areas of growth are going to be.

Electrical car charging points

HBF prefers a national and standardised approach to the provision of electrical charging points in new residential developments. We would like this to be implemented through the Building Regulations rather than through local planning policy.

If the Mayor does intend to make policy in this area there are several issues that he will need to consider carefully.

His work should be supported by evidence demonstrating the technical feasibility and financial viability of his requirements. Any requirement should be fully justified by the Mayor 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 charging points. 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. This might mean that new sub-station infrastructure is necessary. There may also be practical difficulties associated with provision to apartment developments or housing developments with communal shared parking rather than houses with individual on plot parking. This could be an important consideration if the SDS proposes a much greater emphasis on the construction of flats.

The NPPF requires that any policy requirement for charging points should be clearly written and unambiguous (para 16). The policy will need to specify 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) or other alternatives.

Topic 2: Healthier, safer and resilient homes and communities

Meeting the needs of an aging population - older persons housing

HBF is pleased to see that this is a topic being considered by the Mayor. We note that providing appropriate housing for older people is referred to on page 37 of the Local Industrial Strategy. Meeting the needs of an aging population is one of the major planning challenges for our society. To meet these needs HBF would recommend that LCRCA establishes the need for older persons housing through its Strategic Housing and Economic Needs Assessment (SHELMA), or an addendum study to this. Once the need is established, the Mayor should then set a benchmark target for the provision of older persons housing across the Liverpool City Region and break this down by each of the six local authorities. Because it is a benchmark target, it would not be a target that the local authority must aim to deliver in the way that the overall housing target is for each local authority. It would, however, help to set an objective and allow the Mayor and the local authority monitor provision against overall need. Therefore, after the elapse of an appropriate period to time – say three years – monitoring shows that the delivery of older persons housing has fallen far short of need, then this may trigger the need for a review of policy and stronger planning interventions to try and encourage the supply of more older persons homes.

The current and draft London Plans provide examples of how the Mayor of London has chosen to address this issue. Both plans include benchmark monitoring targets for the supply of older persons dwellings, that break these down for each of the London boroughs. HBF thinks this is a helpful approach.

In terms of the accessibility and adaptability of all new housing stock, the LCRCA is probably aware that the Government intends to conduct a review of Part M of the Building Regulations in the near future. There is the strong possibility that Part M4(2) – accessible and adaptable homes and Part M4(3) – wheelchair accessible homes – might be incorporated formally within the Building Regulations rather than continuing as optional standards that can be adopted through local plans where the evidence supports this (e.g. need and viability). This is likely to be the case even if there is a change in government.

We recommend that the LCRCA monitors these developments at the national level as it may be unnecessary for the Mayor to make policy in this area when this does become part of the Building Regulations. HBF is anxious to avoid the repetition or duplication of regulation and policy at the local level, or the development of competing policy, as this will dissipate resources and militate against effective action to address public policy goals. Attempting to achieve different construction standards through the planning system is generally a very ineffective way of making change.

The LCRCA should also have regard to affordable energy supply for the people of the region. It should avoid prescribing solutions promoted by providers that lock residents into energy supply contracts that are difficult legally or costly to extricate themselves from.

Topic 3: A thriving and vibrant city region

Declining town centres

HBF acknowledges the importance of reversing the decline of the city-region's town centres. HBF is willing to work with the Combined Authority to help bring together members operating across the city-region to discuss actions to achieve this. Part of the challenge of regeneration will be the low land values in some of these town centres. HBF would welcome the opportunity for a conversation with the Mayor about how it can assist in achieving this objective.

Some consideration may need to be given to prioritising policy asks to help incentivise regeneration and focus investment in critical areas. Investment in improving public transport connectivity will be critical. It would be helpful if the SDS provided a steer for the local authorities in this respect in the way that the London Plan does by making it clear that this is a priority for developer contributions.

Topic 4: A connected city region

Investment in improved public transport and walking and cycling routes will be a priority for the Plan. Contributions from housebuilders to transport connectivity may well be a priority for the SDS. The SDS will ideally need to establish a hierarchy for development contributions. The supporting local authorities will then have regard to this – and take their lead from this - when defining priorities for their own local plans. This would be similar to the approach taken by the Mayor of London who through his London Plan sets out the priorities for planning gain (see for example draft policy *DF1: Delivery of the Plan and Planning Obligations*). Additionally, as the Mayor of Liverpool City Region is unable to adopt a Strategic Infrastructure Levy, setting his priorities through the SDS will be important to establish priorities for any Community Infrastructure Levies set by the six local authorities. This would be in keeping with para. 63 of the devolution deal. This would help ensure that all new development contributes to the provision of new public transport infrastructure including walking and cycling routes.

This is an important strategic matter as new transport networks obviously provide benefits that extend beyond the immediate site area. Investment in public transport will bring wider sub-regional benefits.

Topic 5: An inclusive economy

In terms of planning for housing, the SDS will need to explain what the overall housing need is, and how this is broken down to each constituent local authority. The SDS should also be a Plan that will deliver this and explain what will be done should delivery falter.

Currently, the standard method indicates that the following numbers of new homes would need to be provided each year:

Local Authority	Standard Method
Halton	264
Knowsley	266
Liverpool	1637
St Helens	482
Sefton	645

Wirral	794
Total	4088

At the time of writing, this will be the minimum number of homes needed. We have previously commented through the SHELMA consultation (November 2017), that the LCRCA will need to ensure that the housing requirement set through the SDS supports the economic growth ambitions of the city region, as expressed on page 26 of the Local Industrial Strategy. This will require providing housing to address people’s aspirations as well as their essential needs.

We understand from previous conversations with the LCRCA that it is the Combined Authority’s intention to prepare a Plan where it will be the responsibility of each constituent authority to accommodate its own housing need and decide how this should be done. This is consistent with the NPPF, para. 65. However, to ensure that this is a sound approach the SDS will need to be underpinned by studies by each of the six local authorities showing that this is feasible. There should be no significant unmet housing needs arising as a result of this exercise. It is the responsibility of SDS to demonstrate that scale of development needed can be accommodated over the plan period. Some of the targets using the standard method, may be challenging to deliver in full within the existing administrative boundaries of the local authorities.

The SDS should indicate the principal areas for development and corridors for growth. It should also explain what actions will be taken by the LCRCA if delivery falters significantly in one or more local authority area. This is in keeping with the Planning Practice Guidance.

Reflecting the PPG, the SDS should explain how housing needs are to be apportioned and how the five-year land supply and housing delivery test will operate in these circumstances, i.e. whether responsibility for redressing a shortfall lies with the supporting local authority or with the Combined Authority.

We note that the Mayor promotes a ‘brownfield first’ approach to development. It is possible that this may be premature if the land supply evidence supporting the SDS indicates that green field release may be required to maintain delivery in the short-term. Adopting a ‘brownfield first’ policy may prove problematic for the local authorities if they are unable to maintain a five-year land supply and then policies fall out-of-date. The viability assessment supporting the SDS will also have an important role to play here as it will provide a good indication what is feasible in the short-term in terms of brownfield development across the six local authorities.

Assessing both the land supply and viability across the whole sub-region may prove a challenge for the Mayor, as it has proved in London with the recent examination of the Draft London Plan (the examining panel has cast some doubt on the reliability of both the Mayor of London’s housing land supply assessment and his viability work), although an assessment for an area consisting of six local authorities is possibly easier than an area consisting of 33. We are aware, however, of the limited resources available to the Mayor in preparing his plan, and the challenge of undertaking detailed land supply and viability assessments could consume time and resources. It may be advisable, therefore, to delegate this to the constituent local authorities to decide whether it is desirable to adopt a brownfield first policy in their own local plans while the SDS focuses on the higher-level strategy.

Affordability of housing

Affordable housing could very well prove to be a strategic matter for the SDS. The Mayor may wish to make policy on affordable housing in the SDS, or he may choose to devolve this to the local authorities.

If the Mayor does choose to make policy in this area, he may want to look more closely at the Mayor of London's approach, where the Draft London Plan has introduced an affordable housing target that is designed to incentive house builders to commit to basic level of affordable housing on all schemes (35%. This policy has been found sound by the examining panel). This approach, however, may not be suitable in the LCR where the viability challenges are greater and there may be desire on the part of the local authorities to prioritise other objectives, for example place-making or contributions to public transport. LCRCA may also be aware of how the West of England JSP came unstuck recently in specifying minimum targets for affordable housing within its strategic development locations even though the boundaries of these strategic locations had not been delineated.

In view of the viability uncertainties, it is HBF's view that it is probably inadvisable for the Mayor to make detailed policy on affordable housing through the SDS. A better approach might be to specify an overall numeric target, as the emerging Greater Manchester Plan does, rather than a percentage rate to apply across the whole LCR area. This numeric target would still need to be informed by a viability assessment supporting the SDS that is based on cautious assumptions about likely development costs and sales revenues. If this study concluded that it might be possible for every residential site across the sub-region to contribute 5% affordable housing, and the overall housing requirement per year is 4088 homes, then this suggests a numeric target of 204 affordable homes a year may be a reasonable target for the SDS. The LCRCA could then monitor the success of the SDS against how well it performs in delivering this target. This would be a target for the Mayor to aim for, with the assumption that schemes of 10 units and fewer would be exempt from making contributions to affordable housing, in line with national policy, but larger sites may be able to provide more.

The Mayor can monitor supporting local plans, and comment on these, noting the extent to which that these are making policies that will support the delivery of this overall strategic target.

If the Mayor does choose to specify a percentage target, or possibly targets by area (reflecting the varying development values across the sub-region), we advise that he is not prescriptive about the tenure types required, especially as these have been expanded in the new NPPF and the new government is interested in increasing the number of homes for low-cost home ownership. The Mayor should devolve this matter to the individual local authorities to determine through their local plans.

Green Belt

We understand that it is the Mayor's wish to prepare a 'light-touch' SDS. This will delegate decision-making on how best to deliver the apportioned housing requirement to each of the six local authorities. We appreciate the appeal of this approach and, to an extent, we support this.

This approach contrasts with a more directorial role that the Mayor could have chosen to exert. If the Mayor had opted for a more directorial role, he might have chosen to

assess the overall land supply across the sub-region, as well as development needs, and then decided the most appropriate spatial pattern for future development after taking into account considerations like the most appropriate and deliverable, locations for growth. This may have required the Mayor to undertake a strategic review of the Green Belt within the Liverpool City Region administrative area and possibly in conjunction with neighbouring areas too if it became apparent that there was insufficient deliverable land in preferred locations to meet the wider strategic objectives of the city-region. This is the situation that is now confronting the Mayor of London: he has insufficient deliverable land within the previously developed envelope of Greater London to meet his development needs for the next decade. He has been advised by the examining panel that he must now undertake a strategic review of London's Green Belt (and Metropolitan Open Land) to identify land to meet these needs for the period beyond 2024 (see para. 457 of the Panel Report on the London Plan 2019).

Whether a strategic review of the Green Belt in Liverpool City Region is necessary is unknown at this stage, although we do note that four of the six LCR authorities (St Helens, Sefton, Knowsley, Halton) are already or have recently released Green Belt land for housing which indicates that it would be appropriate for the Mayor to provide a strategic steer on this issue. LCRCA will not be in a position to know how far it needs to intervene on this issue until all the evidence is in: i.e. development needs have been confirmed, a land supply assessment has been completed, and a strategy is agreed that decides where development should be located in a way that addresses the strategic objectives of the Mayor and the Industrial Strategy of the LEP.

Our concern with the devolved approach is that the 'sum of the parts might not add up to a whole': i.e. a local authority might find that it is unable to accommodate its share of the apportioned development needs entirely by the time it comes to prepare its supporting local plan. By that point it will be too late for the SDS to do anything about rectifying this shortfall and the SDS will fail to achieve some important objectives.

This might not be a matter that can be delegated to the local authorities. While national policy does allow local authorities to review their Green Belt when preparing local plans if exceptional circumstances exist to support this, they might not choose to do so. Or they might not have Green Belt land in the right places that can be de-designated. In such cases the ability of the Mayor to achieve his higher strategic objectives will be compromised.

To avoid this possibility, the Mayor should carry-out a housing and employment land assessment. If this indicates a shortfall in supply, the Mayor should then conduct a strategic Green Belt review that at least identifies the most appropriate locations for land release should this be required by the supporting local plans.

Cost of developing brownfield sites

The viability of re-developing brownfield sites could prove to be an obstacle to the Mayor's wish to adopt a 'brownfield first' policy. The Mayor will need to undertake a viability assessment that informs and supports the policy objectives of the SDS. We recommend that engagement sessions are held with developers and landowners, including representatives from the constituent councils, to discuss the evidence and options. The viability assessment will be important in shaping the Mayor's strategic objectives. The development industry should contribute to this exercise its knowledge and experience of development costs.

HBF is happy to talk further with the LCRCA about this and can assist in promoting engagement events. This is something we are currently doing in Greater Manchester.

Access to schools/colleges

We refer the Mayor to the new Department for Education guidance *Securing Developer Contributions for Education* (DfE, November 2019). The Mayor should have regard to this when preparing his strategic policies for the Liverpool City Region. He may wish to make contributions to education a strategic policy priority for the SDS alongside contributions to public transport. If he does, it would be advisable if the Mayor included a policy in the Plan that makes this clear and is clear that contributions can be collected either via CIL or S106. This strategic priority will need to be reflected in the supporting viability assessment.

Topic 6: The infrastructure we need

We have already explored in our response above how improving public transport services is a priority for the Combined Authority. Providing education facilities is also something the Mayor may want to prioritise. For some of the other areas highlighted for discussion, areas such as renewable energy and digital connectivity, these are matters that are best addressed through the Building Regulations. They will be mandatory so there is no need to make policy in this area.

The challenge for the Mayor will be deciding what his priorities are, and then considering what the viability analysis indicates is feasible. The viability evidence will indicate what might be feasible and whether policy expectations can be increased or reduced.

I hope the Combined Authority has found these representations helpful. HBF is very supportive of the work of the Combined Authority and we would like to help you progress the SDS. HBF would be delighted if the Mayor, or other representative of the Combined Authority, would meet with its members to discuss the strategic aims of the Liverpool City Region. HBF is also willing to help bring housebuilders together with the Combined Authority and the general public to help refine the aims of the SDS.

Yours sincerely

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