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12/03/2020

Dear Sir/ Madam

**Response by the Home Builders Federation to the consultation on the Greater Norwich Local Plan – Draft Strategy**

Thank you for consulting the Home Builders Federation (HBF) on the Greater Norwich 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.

**Viability**

As the Council will be aware paragraph 57 of the NPPF now places far greater weight on testing the viability of development during the preparation of the local plan with far less scope for negotiation on an application by application basis. It is therefore essential that the approach to viability is sound and reflects the approach set out in PPG. In addition, it is also important that the policies in the plan itself take account of the evidence. In some circumstances this may require policies to reflect the varied viability relating to site typologies or value areas in order to meet the broad test in paragraph 57 that planning applications that comply with the policies in an up to date local plan can be assumed to be viable. We note that the Council's policy has taken account of difference in viability based on the location of development and this is to be welcomed. However, we have some broad concerns regarding the viability assessment which are set out below:

- the Council have not taken into account abnormal costs and the impact such costs may have on viability and the willingness of landowners to sell land at reduced rates. Whilst we recognise that it is difficult to quantify these costs these are very real costs for many developments and some assessment as to their impact should be considered.
- The Council will need to considers costs relating to policies on electric vehicle charging points for example. The expectation is not set out in this plan but given that these could impact on viability some consideration should be given to their impact in the viability study.



- For larger sites the study seems to only look at CIL payments and does not appear to factor in any strategic infrastructure costs that may occur. We note that between 10% and 20% uplift to construction costs are included for site and infrastructure. However, this would principally cover landscaping and roads to be delivered on site and not any strategic infrastructure costs. We would suggest that the Council considers the inclusion of cost to reflect any additional strategic infrastructure costs over above CIL;
- It is expected that affordable rents will be transferred at 60% market value. However, we could find limited evidence to support this figure and our members consider 45% to be a more realistic assessment of transfer values;
- Gross Development Values should reflect the different values across the Greater Norwich Area;
- Profit margins will need to take account of the 10% homes being built affordable market housing. As market homes the margin on such properties will need to be the same as for full cost market housing and not the 6% applied to affordable housing.
- Borrowing rate of 6.5% considered low and only registered providers are likely to obtain such low interest rates at present; and
- Further evidence on the benchmark land values is required.

To assist Councils the HBF has published a briefing note on viability, attached, which sets out our concerns regarding viability. We trust this will be of assistance in taking forward the viability study and if you have any question regarding this briefing please feel free to contact us.

## **Policy 1 – Sustainable Growth Strategy**

### *Housing needs and supply*

In arriving at the local housing needs assessment (LHNA) for the Greater Norwich area the Councils have used the annual household growth between 2019 and 2029. Whilst we recognise that the Government states that the current year should be the base date from which to assess needs if the Councils wish to start their plan from 2018 then it would be logical for the base period of the assessment of household growth to be the 2018 to 2028 period. This would result in a LHNA of 41,040. Slightly higher than the 40,550-figure suggested by the Council.

It will also be necessary for the Council to liaise with neighbouring areas to ensure that they are meeting their housing needs and that they will not need to deliver additional units in line with paragraph 60 of the NPPF. The Council will also need to consider whether the proposed level of housing delivery will support the Councils' jobs growth expectations. Planning Practice Guidance outlines that there will be circumstances where it will be necessary to consider whether housing need is actually higher than the standard method indicates. One such circumstance is where there are growth strategies for the area. The Greater Norwich Local Plan seeks to deliver an additional 33,000 jobs over the plan period and it will be necessary for the Council to ensure that its

proposed housing requirement is sufficient to support the level of jobs growth anticipated.

It is also unclear as to whether the GNLP will ensure the delivery of sufficient homes to meet the targets established in the City Deal. This committed the Greater Norwich authorities to delivering 37,000 between 2008 to 2026. The Authority Monitoring Reports (AMR) for the Greater Norwich area indicate that between 2008/09 and 2018/19 some 18,287 new homes were delivered. This leaves a further 18,722 left to deliver by 2026. On the basis of the proposed requirement of 2,027 dpa there will be a shortfall of circa 6,500 homes. It will therefore be important that the Councils seek to ensure that there are sufficient sites allocated in GNLP that can deliver homes in the first five years post adoption to meet the commitments in the City Deal.

With regard to the delivery of new homes to meet needs we welcome the Councils' decision to include a buffer of 9%. In addition, we note that the Council has not included any windfall within its assessment of supply which will also provide an additional buffer. We note that a contingency site has been included at Costessey. Whilst we have no objections to its inclusion it would be sensible to include some smaller sites as contingency that could be brought forward more quickly should any of the larger sites not come forward as expected.

#### Local Plan Review

The NPPF states at paragraph 33 that plans should be "*reviewed to assess whether they need updating at least once every five years*" and goes on to state that reviews "*should be completed no later than five years after the adoption date of that plan*". As such the Council's policy to review the plan 5 years after adoption is not consistent with national policy. The review must be completed prior to the plan being five years old to allow for the prompt updating of the plan if necessary. We would therefore suggest the following change is made:

~~*This plan will be reviewed*~~ *The Councils will complete and publish a review of this plan 5 years after adoption to assess whether it needs to be updated.*

#### Five-year land supply

We would agree that the five-year housing land supply should be calculated on the basis of the whole of the Greater Norwich area. However, we would suggest that appropriate systems and agreements are established to support the timely provision of evidence on housing land supply when required for appeals to avoid unnecessary delays to this process.

### **Policy 2 – Sustainable Communities**

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 take into account the Government's measures on the Future Homes Standard and Bio-Diversity Gain – both of which will be mandatory for new residential developments in future. In terms of these new regulatory targets applying 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 councils 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 Councils are seeking to deliver through the GNLP, such as meeting housing needs in full and improving the affordability of homes in this area. The Councils 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 50 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.

It will also be important for the Council to ensure that the impact of this policy is fully tested within its viability study. We note that the second bullet point states that development will need to allow for new and changing technologies such as fibre optic networks and electric vehicles. Whilst the HBF is supportive of such infrastructure it is important that the costs of delivering this infrastructure is considered within the Councils' viability assessment. These are not included as policy costs within the interim viability study and if specific policies are to be produced requiring such infrastructure they should be included as a specific cost.

For example, the installation of electric vehicle charging points (ECVP) is estimated to add on an additional cost of approximately £976 per unit. The introduction of EVCPs in new buildings will also impact on the electricity demand from these buildings especially for multi-dwelling buildings. A requirement for large numbers of EVCPs will require a larger connection to the development and will introduce a power supply requirement, which may otherwise not be needed. The level of upgrade needed is dependent on the capacity available in the local network resulting in additional costs in relation to charge point instalment. The costs of installing the cables and the EVCP hardware will also vary considerably based on site-specific conditions in relation to the local grid. It is therefore essential that all costs are taken into account to ensure that their cumulative impact does not render the plan undeliverable.

## **Policy 5 – Homes**

### *Affordable housing*

We would recommend that the term “at least” is removed from the policy prior to each percentage requirement. Policies on affordable housing should not seek to establish requirements as minimums. This does not provide the necessary certainty for either the decision maker or applicant as to the required level of provision. The policy should set out clearly what is expected of the developer and if they meet that expectation then an application should not be refused.

It would also appear that this policy will require C3 accommodation for older people to be provide on-site affordable housing and as such provides insufficient flexibility. Such affordable housing provision has proven to be incompatible with managed sheltered housing developments. It is often the case that housing providers are unwilling to take on such units. We are therefore concerned that the policy would stifle delivery of sheltered housing accommodation. Such an approach conflicts with the positive approach towards housing delivery contained within the NPPF and as such is unsound. We would suggest that accommodation for older people not be required to provide onsite provision for affordable housing and instead be required to provide a commuted sum in lieu of provision.

It is further noted that the interim viability study has not considered a specific typology with regard to retirement homes. Such development has, for example, a higher proportion of its floorspace as communal areas and general assessments of residential viability cannot be relied on when assessing the viability of more specialist accommodation to meet the policy requirements of a local plan. We would therefore recommend a specific typology for special older people's accommodation is tested in the viability study.

### Space standards

If the Council is considering adopting any of the optional technical standards in the GNLP the Council will need to ensure that they provide the necessary evidence, as set out in PPG, on the need for such homes and their impact on development viability. However, we have some concerns that strict adherence to space standards could limit well designed and more affordable smaller homes that better meets the needs and budgets of some households. As such there must be clear evidence that a significant proportion of new homes are coming forward well below standards. If such evidence is provided, we would also recommend that the policy include some flexibility to allow for the delivery of homes that are smaller than space standards where they are well designed and meet the identified accommodation needs of local households.

### Accessible and Specialist Housing

We welcome the support in this policy to supporting specialist accommodation for older people. However, given that paragraph 63-006 states that the Council should: "... *set clear policies to address the housing needs of groups with particular needs such as older people...*" with paragraph 63-016 going on to state that where there is an identified unmet need for specialist houses that "*local authorities should take a positive approach to schemes that address this need*" we consider it to be essential that the Council establishes within policy the amount of such specialist accommodation the Council will seek to provide. Without the clarity of a stated requirement for such homes it will not be clear to decision makers of the need for such schemes and whether there is an under provision this of specialist accommodation for older people. We would also suggest that the Council's work with specialist providers to identify suitable sites that will meet the specific needs of older people. We recognise that PPG does not require allocations to be made it is necessary for older peoples housing to be in sustainable locations close to services and as such it is important to work closely with this sector of the housebuilding industry to understand the needs of their customers and where possible allocate appropriate sites.

### Self and custom build

Whilst the HBF supports the encouragement of self-build housing through the local plan, we do not consider the requirement for sites of over 40 dwellings or more to provide 5% of plots on as serviced plots for self and custom house building to be justified or consistent with national policy. Whilst we recognise that Local Planning Authorities now have a duty to promote self-build housing, we have three concerns

with the Councils' approach. Firstly, we consider the policy to be inconsistent with the third bullet point of paragraph 57-025 of PPG. This outlines that the Council should engage with landowners and encourage them to consider self-build and custom housebuilding. The approach taken by the Council moves beyond encouragement and requires landowners to bring forward plots.

Secondly, we do not consider the Council to have looked at sufficient options with regard to how it can provide plots to support self-builders. Paragraph 57-024 of the PPG sets out a variety of approaches that need to be considered – including the use of their own land. This is reiterated in para 57-014 of the PPG which sets out the need for Council's to consider how they can support the delivery of self-build plots through their housing strategy, land disposal and regeneration functions. However, it would appear that the Council is seeking to place the burden for delivery of self-build plots on larger sites without any evidence that an investigation into alternative approaches have taken place. We would suggest that it should conclude such an investigation before requiring the provision of service plots on larger sites.

Finally, we do not consider the evidence to provide the necessary justification for 5% of plots to be provided as self-build units. Paragraph 250 notes that at present there are 113 people on the self-build register for the Greater Norwich Area. Given the number of sites which would be required to meet this policy then it is likely that the number of plots will far exceed demand.

In addition, there have always been concerns that self and custom build registers alone do not provide a sufficiently robust evidence base against which to assess needs with significant potential for double counting with other areas and no review as to whether those on the list are still interested in self-building or are able to self-build. However, the Government has recognised this situation and amended PPG to include paragraph 57-011 which requires additional data from secondary sources to be considered to better understand the demand for self-build plots. In particular we are concerned that planning policies, such as the ones proposed in the draft local plan, will deliver plots on major house building sites whereas the demand for self-build plots may be for individual plots in more rural locations. Without the necessary evidence to show that there is demand for self-build plots on such sites the proposed approach in policy 5 cannot be considered either justified or effective and should be deleted.

A more effective approach to meeting the needs of self-builders is through policy 7.5 and it is a policy approach we support. However, we would amend this policy to allow developments of up to 5 dwellings. This would provide greater scope for development to meet the needs of those residents wishing to self-build.

## **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', with a stylized flourish at the end.

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