

HBF response to Harborough Local Plan (March 2025) Examination

Matter 6: Strategic Infrastructure

HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

Please note that we have not responded to all the questions only those of relevance to our members, and reflecting the issues in the Reg 19 response that HBF submitted.

Stage 2 Matters, Issues and Questions (MIQs)

Matter 6: Strategic Infrastructure

Whether the Plan is justified, effective and consistent with national policy in relation to the timely provision of Strategic Infrastructure?

Policy DS05

Issue 1: Supporting Strategic Infrastructure

Policy DS05 Development Strategy: Supporting Strategic Infrastructure

1. How do existing commitments, such as the East of Lutterworth SDA impact on infrastructure provision over the lifetime of the submitted Plan, and is the requisite infrastructure funded?

HBF are unclear of the implications of this. We note the issue that caused problems for the Charnwood Local Plan EIP related to the County Council's approach to cumulative impacts and how these would be addressed.

2. Is the wording of the policy effective and consistent with the three tests set out in NPPF paragraph 57?

The development industry recognises that there is a need to mitigate the impact new developments, but developers cannot and should not be expected to pay to address existing deficiencies. The wording of the policy needs to make it clear that all request for s106 contributions will be assessed against the CIL tests as part of the determination of a planning application.

3. Is it sufficiently clear in criterion 1 how any required infrastructure will be implemented and how it will relate to the phasing of development?

No. This is unclear. HBF suggest some proportionality and flexibility needs to be added into the wording of the policy. We would suggest reference could be made to the policy

requirements for small and medium size sites (now these have been defined in the 2026 NPPF), as well as strategic ones.

4. The Council has confirmed that it is progressing a draft Community Infrastructure Levy (CIL) Charging Schedule [HDC6]. This is to continue outside the examination. Notwithstanding this, in response to PQ 6 [HDC6] the Council has made clear that strategic sites will not be expected to contribute to CIL, relying on s106 and s278 contributions to secure 'targeted site-specific infrastructure' where these are 'directly provided on strategic sites' [HDC6]. How does this relate to the wording of criteria 2 and 3?

This is unclear and leaves significant questions around the viability and deliverability of the Plan.

5. For the avoidance of doubt, please set out the strategic sites which would only be expected to contribute through s106 and s278 funding, and conversely the other sites which would be liable for CIL? What would be the consequence if CIL was not found to be viable for the provision of off-site infrastructure?

HBF are concerned about the clarity and deliverability of this proposed approach. Developers need certainty on what is required.

7. Should 4c) be a policy consideration given that both access to a water supply and foul water sewage are the responsibility of a statutory undertaker? How does the recent Water Cycle Study Note [HDC16] relate to this?

HBF are involved in work through the Future Homes Hub Water Group to help to seek to unblock development that have stalled. This work continues. It should not be the requirement of any applicant to prove this at application case because there is right to connect. Any issues need to be addressed at plan-making stage. This policy criterion is inappropriate, unjustified, and not in conformity with national policy and as such should be deleted.

8. Is reference to collaborative working between various local authorities, highway authorities and National Highways relevant to a policy?

No. the commitment to working together is not a policy issue, but could usefully be referred to in the supporting text. Informed by the experience in Charnwood, HBF remain very concerned about the mitigating transport impact through Transport Strategies and the impact of such an as yet unclear and uncoded approach in the viability and deliverability of the Plan.

9. Does 4d) duplicate criterion 1f) of Policy DM09: Sustainable Construction and Climate Resilience?

Yes, this is a duplication and therefore unnecessary.

10. Criterion 5 references the Infrastructure Delivery Plan (IDP). Does the Council's Infrastructure Delivery Plan [INF-NLP2] and subsequent iteration [HDC11] clearly set out the infrastructure required to support the growth and delivery of development proposed in the Plan? How do these relate to site specific infrastructure requirements? What is meant by the hierarchy of necessity with reference to the definition of 'integral', 'fundamental' and 'beneficial' as set out on p13 of the Stage 2, IDP [INF-NLP2] and how does this relate to the delivery of infrastructure?

This is unclear, and needs resolving. Developers need certainty on what is required from them.

13. What is the relationship between the County and District councils in relation to the setting of planning obligations, their collection and the implementation of the necessary infrastructure? Should detailed pro rata infrastructure requirements be included within the Plan, or is it appropriate to rely on a document which, once the Plan has been adopted will have the status of a material consideration?

This is unclear, and experience from Charnwood suggests there is not an agreed approach. This uncertainty of the LCC approach created significant difficulties for developers seeking to progress sites in Charnwood, such experiences must be avoided in Harborough.

14. The NPPF paragraph 114 is clear that when assessing sites, the cost-effective mitigation of significant impacts on the transport network in terms of capacity and congestion, or on highway safety, should be ensured whether at the plan making or planning application stage. Is the Plan supported by an adequate, easily accessible costed evidence base which demonstrates that this is the case and which sets out clearly how the Council has approached the issue of costings and need, with particular reference to its objective of reducing reliance on the private car. Is this presented in a manner which would avoid a 'paper chase' exercise and has it been agreed with the relevant highway authorities?

As detailed elsewhere in this response HBF have significant concerns about how transport contribution will be sought, costed and spent, and the impact this will have on the delivery of housing.

15. Given the Council's vision-based approach to accessibility and potential impacts on transport infrastructure, what confidence is there that the impacts can be mitigated? How has the costing of highway mitigation measures following the submission of the Plan impacted on the potential viability of the Plan? What, if any, is the significance to the strategy of the Plan given that a sizable body of the detailed transport costings postdate the Reg 19 version of the Plan and the submission version?

HBF is very concerned about the implications of transport requirements on the viability and deliverability of this Plan. In tandem with the other challenges facing development viability and the increasing regulatory burdens this is yet another ask on development.

HBF questions the assumption that all policy costs can be deducted from the land value, this is just not how the land buying process works in practice. The lack of transport information being available at Reg 19 stage is problematic, and the experience from Charnwood indicates this can undermine the viability of new housing schemes.

Issue 2: Viability

1. Criterion 6 (5) of Policy DS05 suggests that the policies of the Plan have been viability tested. Is the evidence underpinning the Viability Assessment (VA), including the Addendum [HDC12] consistent with the NPPF and PPG? Are the assumptions appropriate to Plan making?

- *What is the relationship between the contingency fees set within the VA models and inherent risk associated with the profit margins set for market housing?*
- *Namely, what is the difference in policy requirements between extant and emerging policy in relation to infrastructure and other s106 requirements?*
- *Is there an extant requirement for funding for cemetery and burial requirements?*

If so, what is it and how is it to be sourced?

HBF is concerned that there is a need to ask these questions at this stage. This should already be clear from the whole plan viability appraisal. This appraisal should also have been publicly available.

2. On the basis that the Council has now confirmed that it intends to collect a CIL [HDC6], how does this impact on any of the assumptions set out within its evidence base? Should this be taken into account within the VA with particular reference to the site allocations which specifically set out identified infrastructure?

HBF is concerned that this is still unclear. The interaction between s106 and CIL requests should have formed an integral part of the whole plan viability assessment which should have then been used to inform the policy choices and prioritisation in the Plan.

3. Is there any inconsistency between the assumptions made within the VA, including the most up to date version, and individual policies, such as the threshold at which contributions are to be sought from developments?

HBF is concerned that there is a need to ask these questions at this stage. This should already be clear from the whole plan viability appraisal. This appraisal should have been publicly available for others to scrutinise.

4. Reference is made to other external funding sources to help bridge any capacity funding gap. What are these, and how realistic is this assumption?

By definition applications for external funding are uncertain. HBF would question if the assumptions made are realistic, and would wish to see the evidence base that supports them.

5. Paragraph 12 of our Panel Note 6 [ID7] requested a detailed addendum to the VA be provided, which did not defer to other documents, setting out costs linked to individual policies, including site specific allocations. Paragraph 52 of the Council's response [ID7] agreed to provide a clear and transparent assessment. Notwithstanding the receipt of the Viability Addendum [HDC12], this has not been provided.

Consequently, is the strategy of the Plan justified, including the provision of affordable housing at 40%?

The lack of a full and proper viability assessment to support this Plan is a problem. HBF do not believe that the current evidence supports a policy requirement of 40% affordable housing being viable. As we have set out elsewhere in our response, in our more general comments on the plan viability is becoming increasingly challenging in many areas, for many reasons. It is therefore important for the whole plan viability assessment to fully consider the implications of all of the proposed policies in the Plan to ensure that when taken together the policies do not make development, and in particular housing delivery unviable.

To be most useful HBF suggest viability appraisals should be used in an iterative manner to test different policy combinations and therefore HBF suggest that the whole plan viability assessment should be produced in tandem with the different stages of plan-making. HBF also note that there also a number of current and emerging policy requirements both locally and nationally that are putting viability further 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 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. These costs need to be fully considered in the viability appraisal.

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 still establishing itself. 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.

It is important for the Council to work with developers to understand the viability challenges that developers face. Although HBF do not comment on individual sites we would encourage the Council to work directly with site promoters and house builders to understand any seek solutions to site specific viability issues.

HBF also have concerns about policies on affordable housing applying to specialist accommodation, including homes for older people. The economics and viability of these kinds of development differ for many reasons including the need to provide shared spaces and onsite management and how units are sold and occupied. We therefore have significant concerns about the impact of this policy on both the viability and deliverability of older person's housing.

For all these reasons listed above greater flexibility is needed in the policy.

HBF also note that the Viability update merely notes a mistake in the previous viability calculations. It does not offer any commentary or reassessment to reflect the increase viability challenges facing developers that we have set out in detail in our Reg 19 and this, and other MIQ responses.

6. We note that a number of individual infrastructure improvements, including public transport and walking improvements have been removed from the update to the IDP with costs apportioned to each site as set out on page 18 of the Transport Topic Paper Part Two [HDC14]. Is this approach transparent, easily accessible and effective? How would this effect the objective of realistically mitigating the impacts of development through reducing reliance on the private car as referenced in [TRP-NLP5]. Moreover, is it appropriate that no costs at plan making stage be accrued to any works on the Strategic Road Network (SRN)4? How would this impact on the costs to be accrued in s106 and s278 agreements?

HBF have detailed our concerns about the approach to transport being proposed in this Plan, the lack of clarity on how it would be addressed in practice and experience of challenges in LCC requests and any reliance being placed on as yet unwritten Transport Strategies. All of these factors suggest further work is needed for the Plan to be deliverable and viable. This is likely to include the need for increased flexibility and/or reduced requirements in other policies within the Plan.

7. Criterion 6 (5) of DS05 sets out the possibility of site-specific VAs to be provided in exceptional circumstances. What is the evidence on which the Plan is predicated, and do the relevant policies make clear that the role for VA is primarily at plan making stage so that the price paid for land reflects policy requirements and that the review process is not seen as a mechanism to obviate developer risk?

As HBF have significant questions about the validity of the conclusions of the whole plan viability assessment, it is our view that site specific viability assessment will be needed, potentially in many cases, not just 'exceptional circumstances'.

We have cautioned against any viability assessment which provides an overly optimistic assessment of development viability that does not fully reflect the costs, delays and increasing regulatory burden facing the house building industry at this time. HBF would observe things have got more difficult for house builders even since the submission of this Plan.

8. In the context of a plan where transport issues are fundamental to its delivery, such as Magna Park (policies MP1 and MP2) and policy DS02-Land South of Gartree Road, together with cross boundary impacts, it is vital that there is reasonable certainty at a plan level that there is or will be access to funding to mitigate the impacts of transport as well as deliver the other strategic infrastructure requirements. Without this the strategy of the Plan may be undermined and the development proposed not be deliverable. Were a developer to be unable to demonstrate that such developments were viable, with the associated strategic infrastructure, how should a decision maker react?

This is unclear, and as such the Plan is ineffective.

9. Overall, do the policies of the Plan provide the framework to ensure that the necessary infrastructure is to be delivered over the lifetime of the development so as to result in sustainable development?

No. HBF do not believe the evidence supporting this Plan is currently sufficient to provide a framework that ensures the Plan is justified, viable and/or deliverable.