

Matter 8: Strategic Policies for Housing

Introduction

- 1.1.1. This representation should be read in conjunction with the previous Regulation 18 and 19 representations made by William Davis Homes (WDH, ref. 7585, agent ref. 7779).
- 1.1.2. WDH is an established and highly respected housing developer based in Leicestershire and have been building new homes across the Midlands for over 90 years. Their work is underpinned by strong family values and understanding. WDH have been rated as a five-star housebuilder in the Home Builders Federation annual survey for the last 11 years; 90% of customers are happy with their home and their experience with the housebuilder.
- 1.1.3. WDH have been promoting Leicester Road, Lutterworth since 2021, submitting the site for a residential allocation as part of the 'Call for Sites' process for the draft Plan. The SHELAA assessment (ref. HSG-NLP 4) positively explained that the site is considered suitable for residential development and is available with the delivery of dwellings achievable within five years.
- 1.1.4. Following this, WDH support the site's identification by Harborough District Council as a proposed allocation (draft ref. L1) to deliver 230 dwellings within Lutterworth over the next plan period (2020-2041). WDH have continued to engage since the site's identification as a draft allocation by making representations to the Regulation 18 and 19 consultations in 2024 and 2025, respectively, and engaging with HDC through the pre-application process to support this proposed allocation and discuss how development on the site can be effectively brought forward.
- 1.1.5. An application (ref. 26/00447/FUL) was submitted in March 2026 to secure full planning permission for the residential development of the site, with access from Leicester Road (A426), alongside landscaping, drainage, open space and associated works. This indicates WDH's intention for the site to deliver housing early in the plan period, as the site is available now.
- 1.1.6. Alongside contributing towards meeting the housing needs of the District at a sustainable location which is supported by existing infrastructure and improvements associated with the Lutterworth East Strategic Development Area (SDA), development on the site will deliver several benefits including the delivery of affordable and specialist housing, provision of a high-quality, safe and well-connected residential environment, biodiversity improvements on and off-site, and incorporation of sustainability measures into the design of proposed dwellings and their associated plots.
- 1.1.7. WDH have provided hearing statements to support the allocation of Leicester Road, Lutterworth (draft ref. L1) in recognition of the contribution of the site towards the identified housing needs of Harborough District and specifically Lutterworth, and provide comments on some draft policies and criteria to ensure the Plan is effective in delivering the District's identified development needs, as required for the Plan to be sound per paragraph 35 of the National Planning Policy Framework (NPPF, 2023).

Issue 1: Housing Needs – Policies HN01, HN02, HN03, HN04, HN05 and HN06

Policy HN01 Housing Need: Affordable Homes

Question 1: Is policy HN01's requirement for 40% of homes on qualifying developments to be affordable, apart from in 'exceptional circumstances' an appropriate and effective approach to meet identified need for affordable housing? Would the Plan meet that need in full or in part?

- 1.1.8. WDH supports the delivery of affordable housing across the District, however notes that draft Policy HN01 could introduce additional flexibility to fully reflect the Council's evidence which identifies differing levels of affordable housing need across the District. A lower requirement should therefore apply in areas such as Lutterworth, where affordability

pressures are lower, to ensure development at identified allocations is able to come forward and contribute towards the Plan's identified development strategy (to be effective, per the soundness tests at NPPF paragraph 35).

- 1.1.9. In amending the policy requirement to reflect the findings of the evidence base, concerns regarding the viability of sites would be reduced and ensure that the Benchmark Land Value is met; the Brookbanks review provided at Appendix A indicates that schemes in Lutterworth and Market Harborough would not meet Benchmark Land Value when modelled at 40% affordable housing. Policy HN01 should therefore provide greater flexibility to reflect local circumstances and viability, ensuring that affordable housing requirements do not undermine overall housing delivery.

Question 3: Is the proportion of affordable housing sought viable, both by itself and in combination with other planning requirements in the Plan?

- 1.1.10. WDH supports the delivery of affordable housing through new development to meet the District's housing needs, in accordance with paragraph 60 of the NPPF which seeks for an appropriate mix of housing types for the local community to be met. However, in addition to the considerations of the appropriate proportion of affordable housing to be applied across the District, in line with WDH's response to question 1, the proposed requirement for the delivery of affordable housing within draft Policy HN01 should also consider the viability implications where other policy requirements are to be achieved within developments, including infrastructure and site-specific mitigation requirements. In recognising the competing requirements to be achieved alongside promoting the Government's objective of significantly boosting the supply of homes per paragraph 60 of the NPPF, additional flexibility should be integrated into draft Policy HN01 to appreciate the balance of benefits to be delivered by sites, and ensure the Plan is effective in delivering the identified housing requirement (as required by NPPF paragraph 35).

Policy HN02 Housing Need: Mix of New Homes

Question 1: Does policy HN02 appropriately address evidenced need for various housing types, tenures and sizes?

- 1.1.11. WDH supports the reference within draft Policy HN02 to the use of the latest Council evidence to inform housing mix, ensuring development continues to meet local housing needs. However, as draft Policy HN02 applies District-wide, where there are differing contexts and requirements, the policy should introduce additional flexibility to reflect site-specific circumstances and alternative housing mixes where appropriate.

Question 2: Is Table 10 of the Plan an appropriate starting point for considering the size of homes needed across different tenures?

- 1.1.12. While WDH agree that Table 10 is an appropriate starting point for determining the size of homes required across different tenures, the policy should recognise that housing needs may change over the Plan period and provide sufficient flexibility to respond to updated evidence.

Policy HN05 Housing Need: Self and Custom Build Housing

Question 2: Is it sufficiently clear to users of the Plan what sort of evidence would be helpful to inform consideration of whether there is 'clear evidence of lower demand', under criterion 3 of policy HN05?

- 1.1.13. In accordance with WDH's representations to the Regulation 19 consultation, draft Policy HN05 should provide greater clarity on what constitutes 'clear evidence of lower demand'.

- 1.1.14. Table 7.12 of the Local Housing and Employment Land Evidence Report (ref. EMP-NLP 2) identifies that in the most recent period (2023/24) there were 16 individuals on the register, however this data does not extend to the specific requirements of these individuals, such as location. Although there is local interest, this does not necessarily translate to an interest in providing suitable plots across all large residential sites within the HDC. The evidence base therefore fails to provide adequate justification for this requirement and going above and beyond the currently adopted position (per Policy H5) of “the provision of land... as part of an appropriate mix of dwellings”. As such, the choice of 10% (compared to an alternative proportion of sites) appears arbitrary; alternative levels of provision have not been tested within the Sustainability Appraisal to determine that this is the most appropriate.
- 1.1.15. While the policy states that a lower level of provision may be permitted where there is clear evidence of lower demand, there is limited provision in the policy for the point at which this will be considered adequate, stating this would only be the case if evidence is provided that a thorough marketing exercise has been undertaken over a period of at least 18 months. This would likely result in vacant plots and require a new planning permission following this period. Unless the draft policy recognised that a reduced (e.g. 3-month) period was more appropriate, the requirements would limit the ability for sites to deliver their full development guideline, thus making the plan ineffective (per paragraph 36 of the NPPF) in reducing its ability to deliver the local housing need. Therefore, a review mechanism should be built into the policy with explicit timescales of when plots identified to be delivered as self- and custom-build housing plots may be returned to the delivery of market housing.
- 1.1.16. Furthermore, the delivery of self- and custom-build housing plots is overly complex and unlikely to be feasible in a practical or logistical sense in the delivery of wider residential sites. As a result, there are likely to be health and safety implications through the co-delivery of the wider site with these self- and custom-build plots, which has not been reflected in the Sustainability Appraisal. The Sustainability Appraisal (Table 7.6) has assumed positive effects for objectives 6, 7 and 9, however this is assuming (per the Health Impact Assessment, ref. PRE-NLP 4) that these levels are carried out across all sites, which is unlikely. Instead, there would be vast significant negative effects as a result of these plots not coming forward.
- 1.1.17. In recognition of the appropriacy of particular locations for the delivery of self- and custom-build housing plots, in their attractiveness to individuals on the local register and suitability of sites for allowing plots to come forward separately without negatively impacting delivery, the current position of adopted Policy H5 should be continued. This will ensure there is sufficient flexibility that correlates with the unpredictability of this specific market, rather than seeking these plots to deliver the objectively assessed local housing need of HDC, in addition to the draft expectations for affordable and specialist housing.

Question 3: Is 18 months a reasonable length of marketing period in criterion 3 of policy HN05?

- 1.1.18. WDH believe the 18-month marketing period outlined in draft Policy HN05 is excessive, with no evidence base to support its inclusion. Where there is limited demand for self and custom build plots, requiring plots to remain available for this period could result in vacant plots and delay delivery of the wider development. A shorter and more flexible review mechanism (e.g. 3-months) should therefore be incorporated into Policy HN05 to allow plots to revert to market housing where demand has not materialised, to ensure allocated sites are able to bring forward their identified number of dwellings as a minimum.

Question 4: Is it clear who is responsible for producing a design code, as required in criterion 6 of policy HN05, and the process for this?

- 1.1.19. Further to WDH’s response to question 2 and the previous Regulation 19 representations, further clarity is required regarding this requirement to produce a design code, including who would be responsible for its preparation, and how it would operate in practice. The extent to which a design code would apply should be clarified, such as whether the

provision for self- and custom-build housing is for plots only, or if this could be accommodated through flexibility within agreed house types.

- 1.1.20. Further to the appropriacy of making provision for self- and custom-build housing within a wider development, there are logistical challenges to their provision which this requirement for a design code would further add to. As such, draft Policy HN05 should be reviewed to ensure allocated sites are able to effectively deliver their identified housing needs, rather than a potential limited need for self- and custom-build housing.

11427 – Lutterworth

Aspinall Verdi Harborough District Council Local Plan Viability Report – Representations

17th April 2025

1 Summary

- 1.1 Brookbanks has been appointed by William Davis (WD) to undertake a review of the Aspinall Verdi (AV) *Harborough District Council Local Plan Viability Report* (LPVR), with a particular focus on the implications for development viability.
- 1.2 Brookbanks possesses a strong understanding of the Harborough District, having been actively involved in the delivery of residential schemes within the area. This experience includes undertaking cost planning exercises, viability appraisals, and the delivery of infrastructure for developments in the district.
- 1.3 WD, along with other development stakeholders, have raised concerns regarding AV's recommendation of a blanket 40% affordable housing requirement for all Greenfield developments located outside the lower value zones.

2 AV Viability Appraisal Inputs

- 2.1 Due to the relatively modest sales values achievable within the Harborough District, it was initially challenging to understand how a 40% affordable housing provision could be considered viable.
- 2.2 In response, Brookbanks undertook an independent review of viability appraisal inputs and outputs for both medium and higher value areas. This exercise drew upon Brookbanks' understanding of the Harborough District and their in-depth knowledge of typical financial viability inputs .

Sales Values

- 2.3 As part of the AV assessment of sales values within the LPVR, all locations within the Harborough District have been categorised into three distinct value zones: Low, Medium, and High. While this approach may have been intended to simplify the viability analysis across the district, Brookbanks believe it is fundamentally flawed.
- 2.4 This is particularly evident when considering the comparable sales value data sourced for Market Harborough, Lutterworth, and the Leicester Fringe—designated respectively as High, Medium, and Medium Value zones. One would expect their sales values to reflect a closer alignment than the AV categorisation suggests.

- 2.5 Figure 2.1 below illustrates the sales values assumed by AV for Market Harborough, Lutterworth, and the Leicester Fringe:

Table 5.5 - Average Second Hand Achieved Values by Type (Jan 2023 – Jan 2024)

Property Type	Size sqm	Leicester Fringe	Lutterworth	Market Harborough
1 bed flat	39- 58	£2,538	n/a	£3,129
2 bed flat	59-79	£2,317	n/a	£3,422
2 bed house	59-79	£3,466	£3,567	£3,747
3 bed house	80- 108	£3,213	£3,068	£3,516
4 bed house	109- 130	£3,268	£3,427	£3,561
5 + bed house	131 +	£3,241	£3,135	£3,707

Source: Land Registry, GIS, 2024

Figure 2-1: Market Harborough, Lutterworth and Leicester Fringe Sales Values

- 2.6 This can be compared with the average sales values AV has applied to represent the wider High and Medium Value Zones across the district:

Table 5.9 - £ psm Value Assumptions

Property type	Floor area sqm	Higher Value Zone	Mid Value Zone	Lower Value Zone
1 Bed Flat	50	£4,200	£3,800	£3,200
2 Bed Flat	61	£4,262	£3,770	£3,115
2 Bed House	70	£4,143	£3,500	£3,071
3 Bed House	93	£4,140	£3,548	£3,065
4 bed House	120	£4,167	£3,458	£3,125
5 Bed+ House	163	£4,080	£3,528	£3,160

Source: AspinallVerdi, February 2024 (241104 Harborough Residential Values_v0.1).

Figure 2-2: Higher, Medium and Lower Value Zone - Sales Values

- 2.7 Using the housing mix set out in Table 5.1 of the LPVR and the floorspace assumptions in Table 5.3, Brookbanks has calculated—based on AV’s own data—that the average sales rate in Market Harborough is £320.40 per ft².
- 2.8 AV has classified Market Harborough as part of the Higher Value Zone and applied a blanket sales value of £385.93 per ft² to all areas within this category. This represents a 20% uplift on the actual average sales value achievable in Market Harborough.
- 2.9 Similarly, for the Leicester Fringe and Lutterworth, Brookbanks has calculated an average sales value of £293.94 per ft², based on the data presented by AV within the LPVR.
- 2.10 AV has designated both areas as part of the Medium Value Zone and assigned a uniform sales value of £330.34 per ft²—equating to a 13% uplift over the actual average values achievable in these locations.

- 2.11** The methodology adopted by AV in the LPVR is fundamentally flawed due to its oversimplified categorisation of the district into Low, Medium, and High Value Zones. This zoning fails to reflect the actual market conditions within key areas such as Market Harborough, Lutterworth, and the Leicester Fringe. Brookbanks' analysis, using AV's own data, demonstrates that the uniform sales values applied across each zone significantly overstate achievable values.
- 2.12** As a result, the Financial Viability Assessments (FVA) based on these inflated values do not accurately represent real-world development potential, thereby undermining the robustness of AV's conclusions and by extension, the capability of delivering 40% affordable housing.

Benchmark Land Value / Net to Gross

- 2.13** AV's approach to Benchmark Land Value (BLV) is inconsistent with established RICS guidance, which states that BLV should be based on Existing Use Value plus a premium (EUV+), applied across all land required to deliver a development.
- 2.14** AV's methodology instead bases BLV on the Net Developable Area (NDA) only, disregarding the remainder of the site necessary for infrastructure, open space, and other non-developable uses.
- 2.15** This approach contradicts standard industry practice, which benchmarks BLV to the Gross Development Area (GDA) to ensure that landowners are compensated appropriately for all of the land.
- 2.16** More importantly however, AV adopts a net-to-gross ratio of 75% for Greenfield sites—an optimistic assumption that materially understates the actual land take. In contrast, Brookbanks considers a ratio of 50% to be more appropriate.
- 2.17** Applying this lower ratio would increase the gross land area across which the Residual Land Value (RLV) is distributed, thereby reducing the RLV per Gross Developable Acre (GDA). This adjustment would yield a more realistic and robust viability threshold than that currently assumed by AV.

Other Viability Costs / Sales Fees

- 2.18** Brookbanks considers that, beyond land agent fees and legal costs, additional expenditures must be accounted for within the FVA. As the FVA is required to assess all revenue and expenditure inputs within a residual valuation framework, the exclusion of such costs undermines its accuracy.
- 2.19** While AV has included landowner-related fees associated with the sale of land, it has not fully accounted for the range of developer-side costs incurred during the purchase, planning, and sale phases. In addition to standard marketing and promotional costs, developers are also responsible for securing reserved matters planning approval, legal fees associated with housing sales, estate agent commissions, and Stamp Duty Land Tax on the land acquisition.
- 2.20** These additional cost items have a material impact on development viability and should be appropriately reflected within the appraisal.

3 Summary

- 3.1** Brookbanks' review of the LPVR identifies several fundamental input parameters that cannot be considered sufficiently robust to support a blanket 40% affordable housing provision across the high and medium value zones within the Harborough District.

- 3.2** Furthermore, Brookbanks recently undertook a FVA for schemes in Lutterworth and Market Harborough, utilising policy-compliant inputs where applicable. In both cases, the FVA demonstrated that these schemes did not meet the BLV when modelling 40% affordable housing provisions.

