

Planning Policy Team
South Kesteven District Council

SENT BY EMAIL

planningpolicy@southkesteven.gov.uk

27/08/25

Dear Local Plans Team,

HBF Response to Regulation 18 - Proposed Housing and Mixed-Use Site Allocations Consultation

1. Please find below the HBF response to the Regulation 18 - Proposed Housing and Mixed-Use Site Allocations Consultation.
2. 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.

Timing of the Consultation

3. HBF is disappointed that the Council has chosen to undertake this consultation during the summer holidays, which will have limited the opportunity for our members to fully engage with the process. However, HBF also welcome the Council's efforts to increase the housing supply in South Kesteven and recognise the need to maintain plan-making process timescales. Whilst this further Reg 18 consultation will result in a delay to the plan-making timetable, HBF agree that it is essential for the Plan to provide for a range and choice of sites that includes enough housing allocations to meet the housing needs of South Kesteven in full.
4. HBF are particularly pleased that the Council is intending to meet the full local housing need as soon as possible, as opposed to seeking to delay the delivery by hastily progressing a substandard plan to Regulation 19 under the transitional arrangements as set out in at Paragraph 234 of the NPPF, and then beginning an immediate review.

Housing Requirement

5. As the Council acknowledges the latest available data should be used when calculating the standard method. HBF welcomes that Council's recognition that in order to meet this higher housing requirement and ensure a sufficient land supply for the entire plan period, the Council must identify additional housing sites beyond those previously consulted on.
6. In order to deliver the Government's stated ambition of 1.5 million new homes within this parliament it is essential that there is an uptick in housing delivery which requires an uptick in the number of new homes being planned for. HBF welcomes the Council's acceptance of the new standard method calculation method and its inclusion within the Plan as the starting point for setting the housing requirement for South Kes-teen. However, HBF would also stress that the standard method calculation as only the minimum starting point for establishing the housing requirement.
7. It is noted that updated affordability statistics were released in March 2025. Updating the calculations to reflect this new information arrives at a minimum annual local housing need figure of 894 dwellings. This means that the housing requirement over the plan period should be increased by 160, to a total of 17,880, as a minimum. This figure would need to increase further, by a minimum of 894 units per year, if the Plan period is to be extended, as we suggest later in our response.
8. HBF would request that the Council fully considers all of the issues that may result in a need for a higher housing requirement. This includes the need to provide a range and choice of sites, the need for flexibility, viability considerations, unmet need from neighbouring areas, and whether higher levels of open-market housing are required in order to secure increased delivery of affordable housing. We would also suggest that there is a need to consider the interaction between employment and housing, recognising that an increase in the number of jobs can it itself generate a requirement for additional housing to support growth.
9. In relation to the buffer, HBF note that the current Adopted Plan contains a buffer of 18% to provide a greater choice of sites, as well as to provide a contingency in case of lack of delivery. We suggest the current proposal for a buffer of around 11% is too low and should be increased.

10. We do not believe there is any justification for planning for less than the standard method in South Kesteven.

Housing Allocations

11. HBF agree that it is important that that Council seeks to fully meet the housing requirement for South Kesteven in full and agree that this will require further allocations. Allocations provide greater certainty and help to de-risk development, something that is particularly important for SME developers.
12. HBF does not comment on individual sites, other than to say the Plan should provide for a wide range of deliverable and developable sites across the area in order to provide competition and choice to ensure that housing needs are met in full. HBF would wish to see the Plan set out a logical settlement hierarchy which meets all the housing needs and addresses all areas of the housing market, with a range of sites proposed for allocation. The soundness of strategic and non-strategic site allocations, whether brownfield or greenfield, will be tested in due course at the Local Plan Examination.
13. The spatial strategy of the Plan should also recognise that there may be clusters of villages that provide a range of services for that area within reasonable travelling distance of each other, so villages may need to be grouped together. These areas might be able to sustainably support a substantial level of development but may not have all the services within one particular village.
14. Similarly, the Local Plan should recognise that settlements that currently do not have services could expand to include those services if new development is allocated in those areas. The current range of village services should not be used as a basis for only locating development close to existing services, it could in fact also identify where services could be improved through new development. Allocating housing sites in rural areas can also provide opportunities for small sites which are particularly helpful for SME builders.
15. As we have said, HBF do not comment on individual allocations, but we agree that it is important for the Council to ensure the deliverability of any sites that are being allocated in the Local Plan to ensure they are viable and deliverable. It will therefore be important that the Council is confident in the delivery from sites that form part of the housing trajectory and that any increase in density is reasonable. It is noted that the strategic allocations have not presently delivered as anticipated in the current Plan. HBF would observe that the introduction of mandatory BNG has had an impact on density, as land used for on-site BNG is not available for building houses on.

16. The Plan also will need to deliver a range of housing sites providing a range of housing types, sizes and tenures. This will need to include a full range of housing including the family housing. The Plan will also need to recognise that there will be a possible tension between policies that seeks a maximise housing density and policies seeking to meet the full range of housing needed necessitating a range of housing types, scale and design. It will be important for any policy on housing mix and type to include sufficient flexibility to ensure schemes are deliverable and viable. Unviable schemes do not deliver any housing.
17. HBF also notes that the NPPF requires Local Plans to identify land to accommodate at least 10% of the housing requirement on sites no larger than one hectare, unless there are strong reasons why this cannot be achieved. HBF has undertaken extensive consultation with its small developer members. One of the chief obstacles for small developers is that funding is extremely difficult to secure without a full, detailed, and implementable planning permission. Securing an implementable planning permission is extremely difficult if small sites are not allocated. Without implementable consents lenders are uneasy about making finance available or the repayment fees and interest rates they set will be very high.

Biodiversity Net Gain requirements

18. HBF would question the way Biodiversity Net Gain requirements are included within the wording of every allocation. As BNG is currently a mandatory requirement on these sites, it would be more usual for this to be addressed through an overarching policy on BNG. The inclusion of cross-references to some but not all policies within the wording of another policy can create confusion and undermine the fact that the Plan should be read as a whole. This applies to other cross-referenced policies too.
19. The BNG policy requirement should be to delivery of mandatory 10% BNG not 'measurable net gains' as this does not reflect the NPPF, PPG or the DEFRA Guidance.
20. As you will be aware the Government has recently been consulting on possible changes to the BNG. However, any Plan has to be prepared on the basis on the policy environment at the time as many policies will change over time. It is therefore essential that this area of policy (and others) is kept under review as the Plan progresses.

21. HBF would also note that the delivery of mandatory 10% Biodiversity Net Gain is already proving challenging for some developers. We have observed particular challenges facing some sites and locations, notably brownfield sites with open mosaic habitats and those needing to purchase off-site water units.
22. HBF has been involved in a significant amount of work, being led by the Future Homes Hub, on BNG preparedness for some time, including feeding into the BNG Planning Practice Guidance from DLUHC (now MHCLG) and the DEFRA BNG Guidance. HBF note that this represents a lot of new information that the Council will need to work through and consider the implications of, in order to ensure that any policy on Biodiversity Net Gain policy complies with the latest policy and guidance. It should also be noted that the PPG is clear that there is no need for individual Local Plans to repeat national BNG guidance.
23. HBF therefore suggest that detailed information, assessments and analysis around BNG, and Viability (for BNG and viability more generally) will be needed to support the South Kesteven Plan. HBF are of the view that Councils should not deviate from the Government's requirement for 10% biodiversity net gain as set out in the Environment Act. The Plan should provide certainty for developers and a clear BNG policy with a fixed 10% figure. It is HBF's position that we need to get 10% BNG working properly before looking to go any further. There are significant additional costs associated with biodiversity gain, which will need to be fully accounted for in the Council's viability assessment. It is important that BNG does not prevent, delay or reduce housing delivery.
24. It is also important to note that for large sites where the development is phased, the guidance is clear that the 10% must be delivered at the end of the development, and this may not result in 10% BNG on each phase. Additional advice on phased development has been provided in the new BNG PPG.
25. The costs of BNG must be considered as part of the whole plan viability assessment and should be specified as a single specific item, not combined into a generic s106 costs 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 still emerging at this time. It is important that BNG does not prevent, delay or reduce housing delivery. The costs relate both the financial costs, time delays, and also land take- which will impact on densities achievable if BNG is provided on site.

26. As this is still a fairly new policy area and the market for off-site provision is still developing 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. The Whole Plan Viability Assessment should clearly set out how it has considered the implications of mandatory BNG using the most up to date BNG costs information available.
27. HBF request that the Local Plan allocation policies fully consider the issue of delivering against the new BNG requirements. This should include undertaking an assessment of the baseline to support the allocation to enable an understanding the BNG requirements for a site to be allocated and the impact this may have on viability and other policy requirements and considerations. It will be important to understand the BNG costs of mandatory BNG as this is non-negotiable and as such may impact on the viability of the site and its ability to deliver against other policy requirements such as affordable housing or other s106 asks.
28. HBF also notes that there seems to be significant potential for confusion around environmental hierarchy, and suggest particular care is needed to avoid any confusion between the well-established mitigation hierarchy and the new BNG hierarchy. There is need for the policy wording and/or supporting text to be clear about the differentiation between the mitigation hierarchy (which seeks to avoid harm in the first place, then mitigate and only then compensate it in relation to protected habitats) and the BNG delivery hierarchy (which prioritises on-site BNG delivery, then off-site units and finally allows for statutory credits). There seems to be significant potential for confusion between the two difference hierarchies. HBF therefore highlight the need to take particular care in explaining how the requirements of the two-part BNG hierarchy work- that they do so in different ways and seek to achieve different aims.
29. Reference should also be made within the Plan to the small sites metric. This is intended to be a less complex statutory metric that can be used to set out how 10% BNG will be secured on smaller lower risk BNG sites. It can only be used for on-site BNG delivery. The national mandatory 10% BNG policy was applied to small sites from April 2024.

Whole Plan Viability testing

30. 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. HBF would therefore request that flexibility should be included within any affordable housing, because whole plan viability assessments use methodologies that test typologies of sites, and not the detailed circumstances of individual sites.
31. As such there may be individual sites that are already not viable, for example if the costs or values of a specific site fall outside the parameters used of a typology that was tested. Some site will be on the very margins of viability and other sites may already be unviable even without a change of circumstances. HBF therefore requests that any affordable housing policies include policy wording that allows for the opportunity for negotiation around policy requirements for site specific reasons, as any sites whose circumstances fall outside the parameters of the typologies tested could already be unviable under the proposed Local Plan policies.
32. The whole plan viability assessment will need to test different affordable housing percentages to see they are viable and deliverability. Any affordable housing policy must be considered within the context of the other policy asks that the Plan is making.
33. HBF would request that the whole plan viability study also specifically models different types of housing within its scenarios testing. For example, older person's housing and the build to rent sector have different costs and values that need to be considered when assessing their viability. As the development costs of these kinds of housing are different HBF suggest that they to be specifically considered in terms of viability.
34. It is importance for the policies in the Plan to be robustly tested through the whole plan viability assessment. It will be important that the whole plan Viability Study fully considers the wide range of challenges and additional costs facing developers at this time. For example, HBF information suggests that complying with the current Building Regulations 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 additional costs of the Building Safety Levy.
35. 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. HBF members are reporting costs of £20-30k per off-site BNG unit. Although the initial price of statutory credits is 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 in some places is causing viability problems. HBF members experience to date suggests that any scheme that needed to rely on statutory credits would become unviable.

36. HBF suggest that the Council should be mindful of the cumulative impact and costs of the policies it is seeking to bring in. Where a site-specific viability argument is needed it is often affordable housing that is reduced as a result. HBF therefore support flexibility in the application of policy requirements in case of viability and deliverable issues and caution against other policies in the Plan that further increase the burden on developments and may end up resulting in less affordable housing being delivered.
37. HBF would also welcome the opportunity to review and comment on the infrastructure delivery plan. This should also feed into the whole plan viability assessment.

Plan Period

38. HBF note that the Plan period has been extended to 2043. HBF considers that the Council should ensure that the Plan covers a period of 15 years from the adoption of the Plan. The NPPF states strategic policies should look ahead over a minimum 15-year period from adoption and that where larger scale developments form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery. In light of the time it takes to prepare a Local Plan and take it through its statutory stages HBF would encourage the Council to consider whether the Plan period should be further extended. We note that the supporting evidence would need to reflect the full period.

Future Engagement

39. 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.
40. 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



Home Builders Federation

Email: [Redacted]

Phone: [Redacted]