

# Greater Norwich Local Plan Examination (March 2023 Sessions)

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**On behalf of** Halsbury Homes  
**Our ref** 64264/01/MS/BHy  
**Date** 03 March 2023

## **Subject Matter 4 – Sustainable Communities and the Environment**

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### **1.0 Issue 1: Is Policy 2 justified, effective and consistent with national policy?**

**Q16. Is the modification to Policy 2 suggested by the GNLP (in the Nutrient Neutrality Mitigation Statement of Common Ground with Natural England) justified, effective and consistent with national policy, the Written Ministerial Statement of 16 March 2022, and the evidence?**

1.1 No specific response.

**Q17. Is the application of the Policy 2 as suggested to be modified in Q16 likely to affect the viability and deliverability of residential development in the plan area?**

1.2 Yes.

1.3 The modifications proposed to Policy 2 – arising from the wider issue of Nutrient Neutrality ('NN') – will result in both delays and overall viability challenges for development sites across the NN affected area. This is because the Partnership's mitigation strategy – and thus potential solutions and the deliverability/final cost thereof – is at an early stage of conception. On this basis, sites that can absorb the financial burden of NN mitigation will continue to stall (at least in the short to medium term), whilst sites that cannot absorb those costs (in addition to other policy requirements) will simply no longer be viable and will not contribute to the supply at all.

1.4 The issue of NN has caused a hiatus in the issuing of planning permissions across much of the GNLP area. While the GNLP's latest trajectory does make some amends to account for NN, it is clear from the evidence that developers are not expecting permissions to be issued for some time still. The problem is most stark for sites that cannot provide onsite mitigation, where clarity around possible options, and acceptability of mitigation tested through a HRA is still required and where mitigation solutions will not be implemented in full for a considerable period of time (see also our response to Q18). For example, Taylor Wimpey on its 'Green Lane West' site<sup>1</sup> is now expecting to get a detailed permission in 2025 with completions following in 2027<sup>2</sup>. This compares to first completions originally expected in 2023/24 (as per the Partnership's original trajectory ref. D3.2A). Even sites that can theoretically provide onsite mitigation are delayed as options are explored, permission sought for amendments, and the need to cost these in (i.e. Beeston Park and North Rackheath) that will enable those permissions to be agreed. There are also sites stuck in the middle that can provide some but not all mitigation on site; for example,

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<sup>1</sup> Site ref. B.RA.1

<sup>2</sup> As per document ref. D3.2E (Part 2).

Long Stratton (ref. LNGS1). The overall delaying impacts of NN mean that sites that may once have been considered to be ‘deliverable’ can no longer be so regarded.

1.5 In addition, the issue of NN will likely be fatal to some allocations included within the trajectory given the viability implications of providing mitigation. An Addendum to the Local Plan Viability Study (Appendix 2 to document ref. G2.1) considers these implications using a typology-based approach. The conclusions of the report are summarise below:

- 1 **Costs:** The addendum study assumes a cost of mitigation of between £5,000 – £7,000 per dwelling. This figure is based on “*the best available evidence at the current time*” arrived at by benchmarking the costs per dwelling against other authority charges with similar NN issues. We consider the cost range assessed is reasonable for now but note that following:
  - a There are no estimate costs specific to the mitigation solutions that will be implemented in Norfolk as the GNLP’s and Natural England’s solutions are at the early stage of being identified and implemented; and
  - b Costs may well need to increase at the point of implementation given ongoing cost inflation (i.e. to materials and labour). This may be mitigated by planned improvements to strategic wastewater treatment plants aimed to be implemented in 2030; reducing costs of NN per dwelling. This is yet to be agreed and quantified.
- 2 **Viability:** Based on both the higher and lower cost estimates, typologies 1, 3b, 4a, 4b, and 7 assessed would be unviable (with a range of between 28% to 33% affordable housing). These typologies are primarily urban sites within the city of Norwich of between 20 to 100 homes (3b, 4a, 4b, and 7) in addition to a ‘South Norfolk Village Clusters’ typology (12 homes).

1.6 Based on this viability evidence, there will be increased costs for all sites affected (at this point, an unknown figure for the specific solutions needed for Greater Norwich) but the types of sites most likely to be affected are those to be allocated in a future ‘South Norfolk Village Clusters’ plan and those within urban Norwich that will now be unviable being allocated in this plan. Considering both:

- 1 **South Norfolk Village Clusters sites:** Within the trajectory, sites to be allocated in the emerging South Norfolk Village Cluster Plan are expected to deliver 1,200 homes within the plan-period. Sites located within the NN affected area may therefore be unviable affecting delivery. While these sites will be examined separately, the trajectory for this plan includes their contribution and relies upon them as a source to meet needs (see our response to Matter 15); and
- 2 **Urban Norwich:** We have previously identified (in both our matters statements and at hearing sessions<sup>3</sup>) that price growth within Norwich for flatted schemes has been flat since 2007; illustrating a relatively low level of demand for this type of accommodation. This compares to stronger price growth for other typologies of accommodation across the GNLP area. In this context, it is unsurprising that this form of development will face the starkest viability challenges posed by the increased costs associated with NN mitigation.

The City Council is planning on implementing a retrofitting scheme of Council-owned housing stock to provide a headroom of 1,400 homes within the City. The Council estimate that it takes the retrofitting of three Council owned homes to provide the headroom for one new home at a combined cost of £4,350 for the three homes retrofitted (i.e. slightly below

<sup>3</sup> See our ‘Matter 3, Issue 1, Question 1’ (Jan 2022)

the £5,000 tested in the updated viability assessment, but this cost is not yet finalised). The sites with pending valid applications to which this mitigation is likely to enable the delivery of is set out at Appendix 1 of the City Council's 14/12/2022 cabinet committee report. One site included within this headroom is the key Anglia Square development expected to deliver 1,100 homes in the current housing trajectory.

While the retrofitting scheme may provide headroom, the Council is seeking to secure 'credits' from developers through S106 to fund it (it is not clear whether this is funding the retrofit in full or in part). Notwithstanding, these costs mean it is less likely all the pending schemes listed will be viable (especially when providing policy compliant levels of affordable housing where applicable). The headroom is also to be apportioned, meaning there are additional housing sites within Norwich that will (at least initially) be unable to purchase these retrofit credits and will instead be reliant on the wider strategic solution to come forward. This means sites of lower priority will be delayed further. This also only applies to sites with a pending application and not those allocations expected to come forward the medium to long term.

Overall, many urban sites in Norwich are unlikely to come forward either being unviable and/or unable to purchase credits in the short term. It is also unclear when the retrofitting will be undertaken, how much developers will pay, and by what point it will enable delivery.

1.7 In addition, it is of note that the Viability Assessment addendum study (ref. G2.1) does not assess the viability of the key East Norwich Strategic Regeneration Area ('SRA') Site nor a typology akin to it. This site is now expected by GNDP to deliver 3,363 homes in the plan period and makes up a significant portion of the overall development planned. Considering this site in the context of NN and the latest available information:

- It is a site so early in the development programme, it is not selected to form part of the City retrofitting credit scheme;
- We have previously highlighted that this site already has significant viability challenges related to the funding of key infrastructure to enable the site to come forward. Prior to the issue of NN affecting Greater Norwich, the site specific 'Viability Report' (ref. B30.2) concluded that the scheme as a whole is unviable unless there are significant funding grants of £129 million alongside reduced infrastructure requirements (as per the 'Base Scenario');
- The costs of NN mitigation for this site may total between £16.8million to £23.5 million based on the current estimates of costs per dwelling. It is unclear how this additional cost would be funded; and

1.8 In the context of the above, NN will further harm the viability of East Norwich SRA and leads us again to our previous conclusion that this site should be allocated but not be relied upon in the housing trajectory (see also our response to Matter 15). This is one example of how the application of the Policy 2 will affect the viability and deliverability of residential development in the plan area. As a result, more allocations should be made to provide a sufficient buffer of sites to account for the inherent delivery risks associated with NN; ensuring the plan is positively prepared and effective.

## **Q18. Is the nutrient neutrality mitigation strategy likely to be successful in facilitating the delivery of the plan?**

1.9 Possibly, but certainty not in the short term.

- 1.10 In the longer term, the NN mitigation strategy will facilitate the delivery of proposed allocations and other development. However, not all the development proposed in the plan is likely to come forward because it is either no longer viable or if it is viable but was expected to come forward in the early years of the plan, it will likely come forward later than anticipated. This is for two reasons:
- 1 Both the short- and longer-term mitigation strategies are in the early stages of conception. They are therefore unlikely to resolve the wider delivery issues in the short term to unlock sites unable to provide onsite mitigation; and
  - 2 The viability issues NN presents for some sites mean that development will simply be unviable based on current assessments of costs and levels of affordable housing delivery. This means some developments will not come forward – either at all or with much reduced affordable housing delivery – and the whole plan will not be implemented.
- 1.11 Regarding the former, we consider the strategic solutions for enabling development affected by NN are still some years away from implementation. The current strategy, as detailed in the GNLP's NN evidence (ref. G2.1), is:
- The Councils will set up a 'Joint Delivery Vehicle' ('JDV') with Anglian Water, identify the best approaches for a Mitigation Strategy (likely to include retrofitting Council owned properties, SuDS, improving wastewater treatment works, and potable treatment works) and then start to implement these solutions.
- The JDV (which we understand is not in place yet) will issue credits (with a view for these to being available for purchase by 'Spring 2023') to enable permissions to be granted in the short term.
- In addition, Natural England will implement wetlands and woodlands operating a separate credit scheme for the medium to long term.
- 1.12 While there is a strategy to implement solutions, as of writing the location, scale, or costs of mitigation schemes have not been confirmed and secured by either the Partnership, the JDV or Natural England. There is currently little evidence as to when these will be secured and implemented other than a view that permissions might start to be granted in 2023. It is also not clear how much headroom shorter term solutions will enable before longer-term mitigation is implemented and credits available for purchase. We therefore do not consider there is the evidence available to suggest permissions will be granted in 2023.
- 1.13 Regarding the later viability point, there also needs to be appreciation that some development will simply be unviable but also that other sites may still be viable but only if other contributions – particularly levels of affordable housing – are reduced. One such site is the North Rackheath development where it is noted that the mitigation scheme may affect the amount of affordable homes delivered (see D8.B38). Similar warnings are given in respect of the 'Land off Broomhill Lane' site; suggesting if there are significant additional costs then the site may require a reduction in affordable housing (see D8.B27). It is therefore likely that NN will result in fewer affordable homes being delivered as well as fewer homes overall. This undermines previous judgements made in the SA about the scale of housing development overall needed to unlock much needed affordable housing. It also has wider implications for the plan given where there are up-to-date policies developments are assumed to be viable.
- 1.14 Ultimately, a route will in due course be found to build homes within NN affected areas. However, it is not currently clear based on the evidence available with a high degree of confidence when, where and how solutions will be implemented. A prudent approach to the

trajectory must therefore be taken. In combination with the viability challenges NN presents (particularly for urban sites in Norwich City) the plan will simply not be able to deliver in full as the Partnership originally anticipated. As a result, NN adds a further layer of risk to the plan and given such a marginal housing supply position (see our Matter 15 statement) that additional sites should be allocated to provide a healthy buffer to mitigate against the inevitable non-delivery and late-delivery of sites but also the lower anticipated delivery of affordable housing.