HBF response to Exeter Local Plan Examination MIQs- Matter 14 – Infrastructure, Facilities and Viability

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 our Reg 19 response that HBF submitted.

Issue 2 – Viability – Policy IF2

The PPG18 advises that the role for viability assessment is "…at the plan making stage". It also states that Plans should set out the contributions expected from development. This should include the level and type of affordable housing provision required, along with other infrastructure. These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards.

The Local Plan Viability Assessment19 (LPVA) identifies three zones (VA1, VA2 and VA3) across Exeter where different house prices are achieved. Reflecting the viability of new residential development, this is translated into different levels of planned housing delivery in these different zones with the majority (75%) being in zone VA1 on brownfield land i.e. on the Strategic Brownfield Allocations, 19% being in zone VA2 on greenfield land with the remainder (6%) being in zone VA3 on a mixture of greenfield and brownfield land with the largest allocation being brownfield.

Q1. How were the zones defined and are they accurate and appropriate? How were the affordable housing assumptions determined for the viability testing for each zone? How was the 75% level of planned housing delivery for zone VA1 determined? Could residential development in Zone VA1 viably contribute more affordable housing?

As we have said in our Reg 19 response and at the Hearing Session HBF remain concerned about the viability of development. Increasing regulatory burdens, policy uncertainty and the current global economic situation, all indicate viability is likely to be more difficult than assumed in the Whole Plan Viability assessment.

Q2. Does the LPVA and its addendum report accurately account for all likely development costs, from contributions towards healthcare and education to site specific design costs such as higher optional technical standards?

HBF remain concerned as to the robustness and justification for all of the financial contributions being sought. We also note the non-negotiable nature of BNG means it will likely be the level of affordable housing that is reduced. This is why the policies in the Plan (combined with CIL) need to be considered in the round to ensure that cumulatively they do not make development unviable.

HBF remain concerned about the impact of BNG on viability and deliverability as it is increasing costs, the time take for development to be approved as submission of the BNG Plan has to be after permission has been granted and is on-site BNG delivery is also impacting on densities.

The Government has now published its responses to their recent consultations about BNG on 15th April 2026. The responses are available via these links:

Improving the implementation of BNG for minor, medium and brownfield development

Biodiversity net gain for nationally significant infrastructure projects

There is also currently a separate consultation, which is seeking views on the proposal to include a targeted exemption for brownfield residential development. This consultation runs until 10 June 2026.

This shows the Government is acutely aware of the challenges BNG is presenting in some circumstances and the need for further reforms, including legislative change, to ensure that BNG remain the win-win for nature and housing it was always intended to be.

The LPVA Addendum suggests that additional BNG costs would be reflected in a reduction in the land value, but this seems unlikely as the costs are so dependent on the baseline, which will mean they can vary significantly. The cost of purchasing BNG off-site units will also depend on the availability of off-site units within the market when the scheme is actively looking to buy them, it is difficult to see how this can be factored into the purchase price of the land .

HBF concerns remain about the policy applying to specialist accommodation, including older for older people as the economics and viability of these kind of development is different 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. These concerns have not been adequately addressed in the report. It is not just about cost and prices, but also the delivery model and pipeline, as sheltered schemes cannot phase when apartments can be purchased and occupied in the same way a development on individual houses can.

Q5. When taking into account the need for and cost of likely development contributions, will the policies in the Local Plan undermine its deliverability?

HBF would highlight that as noted in PPG, assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Flexibility should be included within this policy because whole plan viability assessments use methodologies that test typologies of sites, which do not consider the detailed circumstances of individual sites. 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 sites will be on the very margins of viability and other sites may already be unviable even without a change of circumstances. Therefore, the policy needs flexibility to ensure it is justified and effective, and the Plan is deliverable.

In the current circumstances we cannot support the assertion that the LPVA and the LPVA Addendum represents a cautious approach with conservative assumptions, so we would expect greater flexibility in relation to viability will be needed now.

Q6. How would the viability exemption set out in Policy IF2 work in practice if there were no significant changes as set out under criteria a, b and c? Is this approach consistent with national planning policy?

We are unclear how this would work. As mentioned above there are a number of challenges and risks facing the development industry and the wider economy that are likely to make development more challenging for a viability and deliverability perspective. This means that site specific viability discussions may be needed in a wide variety of circumstances and the Local Plan policy should allow for this.

Q7. How would the review mechanism under Policy IF2 work in practice? What is the justification for its inclusion in the Plan? Would it apply to all development?

HBF do not support the need for review mechanism, especially for single-phase schemes.

Q8. In terms of this issue, are any of the suggested modifications in the Schedule of Suggested Modifications necessary for soundness?

Although the proposed Main Modifications are an improvement on the submission plan version, further changes to allow for greater flexibility is still needed.