



The Rt Hon Christopher Pincher MP
(Minister for Housing)

Ms Rebecca Pow MP
(Parliamentary Under-Secretary,
Dept for Environment, Food and Rural Affairs)

Date: 20 May 2021

Dear Ministers

Nutrient neutrality: the challenge for small housebuilders

We are writing to express our misgivings at the major delays experienced by housebuilders in those areas of the country affected by Natural England's advice on the necessity of achieving nutrient neutrality. This advice has led to several stopping orders imposed by local planning authorities on the determination of new planning applications, reserved matters and discharging conditions.

The delivery of an estimated 40,000 homes is now delayed across twenty-five local authorities in England, and the future delivery of 20,000 homes a year in these areas is also in jeopardy (based on the Standard Method for assessing housing need). The issue is spreading. Natural England has written recently to Cornwall Council notifying it of the need for housing developments to achieve nutrient neutrality in the Camel Estuary. Cornwall has now called a halt on all new development in an area covering 69 square kilometres.

Many of the local authorities affected are struggling to find a solution to this issue. They are unable to identify, allocate and make operational sufficient land to provide nature-based projects and do this quickly enough to provide mitigation for these homes. In the areas worst affected, such as Somerset and parts of Kent, it is unlikely that housebuilding will be able to resume at any scale for another two years.

The land requirements for providing mitigation are considerable. As a rule of thumb, building a house in the areas afflicted requires the equivalent area of land to be set aside as mitigation. In Somerset, for example, we have calculated that to clear the backlog of 11,000 homes delayed by this issue, it would require 630 hectares of land to be turned over to provide wetlands (providing mitigation through wetlands is the least land-hungry option). This would need to be cleared and constructed, within the necessary sub catchments, merely to clear the existing backlog. In addition to this,



the four Somerset local planning authorities need to deliver 2,720 homes a year. This would require about another 150 hectares of land to be turned over to wetland, each year, for the foreseeable future.

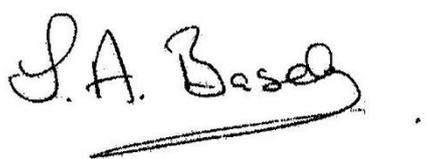
Small housebuilders are particularly badly affected by this issue. While bigger housebuilders may be able to offset the delays in places like Kent and Somerset by switching attention to sites elsewhere in England, SME housebuilders tend to be far more locally concentrated and have much lower cash reserves. The effect of any local moratoria means that all, or a large part of their development pipeline, is threatened. It is a perilous situation for many including builders' merchants and the wider supply chain. One small architectural practice, operating in Canterbury, reported that nearly all its commissions have been delayed by the issue.

Solutions

The delays associated with the nutrients issue risk driving many SMEs out of business. To resolve this the Government should take a legal view on the implications of allowing housebuilding to resume in affected areas with a view to revising the guidance issued by Natural England. It should weigh-up the costs associated with the release of nutrients in the short term against the wider public-interest benefits of housebuilding. While we recognise the importance of achieving nutrient neutrality, housebuilding generates negligible amounts of nutrient compared to farming, but the social and economic benefits to the national and local economy are considerable. At the same time, the Government, working with OFWAT, should encourage a rapid programme of upgrading of waste-water treatment works by the water utilities so that these are able to filter-out nutrients from new developments before they enter watercourses.

We hope you will give this matter your urgent attention.

Yours sincerely



**Stewart Baseley, Executive Chairman
Home Builders Federation**



**Brian Berry, Chief Executive
Federation of Master Builders**



**Richard Beresford, Chief Executive
National Federation of Builders**



**John Newcomb, Chief Executive
Builders Merchants Federation**

