

Sent by email to: planningpolicy@westberks.gov.uk

04/02/2020

Dear Sir/ Madam

Response by the Home Builders Federation to the consultation on the emerging draft of the Local Plan Review

1. Thank you for consulting the Home Builders Federation (HBF) on the latest iteration of the Local Plan Review. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

SP5 Responding to climate change.

2. The housebuilding industry, through the HBF, recognises that there is a need to move towards stronger measures to improve the environmental performance of new residential development. However, rather than have a variety of standards in each local plan, the HBF, and our members, consider a national and standardised approach to improving such issues as the energy efficiency of buildings, the provision of renewable energy and the delivery of electric vehicle charging points to be the most effective approach that balances improvements with the continued delivery of housing and infrastructure. The HBF considers a universal standard is necessary to allow research and development and supply chains to focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements.
3. Therefore, the HBF do not agree with the requirement for all development to achieve the highest viable levels of energy efficiency. Firstly, this is not a standard but an aspiration. Such an approach will require a viability assessment to be provided with every application and lead to further negotiation as to the level of energy efficiency that can be achieved. This provides no certainty to the applicant or the decision maker as to what is expected and is contrary to paragraph 16 of the National Planning Policy Framework (NPPF) which states that policies should be unambiguous.



4. The HBF recognises that the Government in their recent feedback on the responses to the consultation on the Future Homes Standard¹ will continue to allow Councils to set higher standards in their local plans. However, this should be seen within the context of the higher standards that the Government are proposing to be introduced from the start of 2022 and the statement in paragraph 2.41 of their response to the consultation on the Future Homes Standard that these standards will mean it is “*less likely that local authorities will need to set local energy efficiency standards*”. It is also important to note that Planning Practice Guidance (PPG) continues to state that energy standards should only be increased beyond building regulations to an equivalent of level 4 of the Code for Sustainable Homes – roughly a 20% improvement in emissions.
5. This suggests that the proposed changes to the part L, which will see a 31% improvement in emissions, is the appropriate standard to be applied from 2022 and that further local uplifts are unnecessary. Importantly the approach taken by Government is one that ensures there is sufficient time for the development industry and relevant supply chains to deliver the Future Homes Standard from 2025. The Council must recognise that this is not just an issue of viability but also one of deliverability and that, as the Government notes in paragraph 2.53 of their consultation response, the interim part L standards are a key stepping stone to implementing the higher standards from 2025.
6. The HBF considers the most effective approach in achieving net zero commitments alongside the homes needed in any area is through the application of Building Regulations that allow for a transition to higher standards. The importance of a collective approach will also balance the cost of delivering the energy efficiency improvements required alongside other planning obligations and development aspirations that the Council are seeking to deliver through the West Berkshire Local Plan, such as meeting housing needs in full and improving the affordability of homes in this area. We would therefore suggest that the third bullet point of SP5 is removed.

SP12 Approach to housing delivery

Housing needs

7. Whilst we would agree with the Council’s assessment that housing needs using the standard method results in a minimum requirement of 513 dwellings per annum (dpa) it will be important to recognise that there may be a situation where the Council will be required to deliver more than this minimum. Firstly, the Council will need to engage closely with neighbouring areas to ensure that they are able to meet their own housing needs. The NPPF is clear in paragraph 60 that it will also need to take account of unmet needs in neighbouring areas. The Reading Local Plan for example identified a shortfall in their delivery that would need to be

¹ The Future Homes Standard: 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings - Summary of responses received and Government response (MHCLG, January 2021)

delivered in a neighbouring Borough. The Council will need to establish whether this is still the case as well as engaging with all other neighbouring areas to establish whether there are any unmet housing needs that could be addressed in West Berkshire.

8. The Government have also recognised that there may be scenarios where needs are likely to be higher than that expressed in the standard method due to, for example, improvements in infrastructure or the adoption of growth strategies. These scenarios are outlined in paragraph 2a-010 of Planning Practice Guidance but the Council must recognise that these are just three examples and other situations may well need to be considered. Therefore, it will be important that strategic infrastructure improvements, such as Crossrail for example, which could see an increase in the jobs created in the region or increased in migration due to improved transport links to London are carefully considered and whether they will require the Council to plan for more homes than the minimum required.
9. In addition, the Council will need to consider whether there will be sufficient homes to support its expectations and aspirations for economic growth. The Thames Valley and Berkshire Local Economic Partnership clearly has considerable growth aspirations for the area as a whole and has identified worsening affordability and availability of housing as a serious constraint on future growth². It is therefore essential that the Council is can show that it is providing sufficient housing to meet any economic growth aspirations for the area. For example, the 2018 report 'OAN Sensitivity Testing – Western Berkshire Housing Market Area' estimated that West Berkshire would need to deliver 556 new homes to meet the expected levels of jobs growth in the Borough. Whilst this evidence is now slightly dated it does suggest that the lower end of the range set out in SP12 would not supply sufficient homes to meet the Council's economic growth expectations. As such it will be important for the Council to ensure that housing needs based on the standard method are sufficient to support the economic growth expectations for the HMA.

Housing delivery

10. We note and welcome the Council's decision to prepare a plan that seeks to exceed the minimum number of homes they are required to deliver. The National Planning Policy Framework (NPPF) is clear at paragraph 11 that local plans must be flexible to adapt to rapid change and as such it must be expected for plans to deliver more homes than the minimum required. If plans seek to meet development requirements with no buffer in supply, then there is a far greater risk that needs will not be met in full. Any slippage in the delivery timescales of any site, or lower than expected windfalls for example will lead to supply being less than the minimum requirement and the plan failing to deliver one of its key objectives. As such, should the minimum number of homes the Council are required to deliver increase then the Council will need to maintain the same degree of buffer within their planned supply.

² Thames Valley Berkshire LEP Strategic Economic Plan 2011/15-2021

11. The Council recognise that they are required to include a housing trajectory in the local plan. This is an essential part of any local plan as it provides a clear and transparent outline of both delivery expectations and requirements. It would also appear that the Council are proposing to use the annualised average of need across the plan period against which to assess supply. We would consider this to be the correct approach given that the Council appear to be able to show that this plan would provide for a five-year land supply on adoption at present. However, in our experience this situation can change rapidly, and it will be important that the Council has sufficient flexibility in supply early in the plan period in order to maintain supply without having to resort to a stepped trajectory. In particular we would suggest that the Council seeks to ensure it has a range of smaller sites allocated in the local plan that can come forward quickly once the plan is adopted.
12. On a similar point the Council will need to show that there are sufficient sites in the local plan or on its Brownfield Register to deliver at least 10% of the homes need in West Berkshire as required by paragraph 68 of the NPPF. Up until the 1980s, small developers once accounted for the construction of half of all homes built in this country, resulting in greater variety of product, more competition, and faster build-out rates. Since then, the number of small companies has fallen by 80% following the introduction of the plan-led system in 1990.
13. The 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 with 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 else the repayment fees and interest rates they set will be very high. Small developers, consequently, need to invest a lot of money and time up-front in the risky business of trying to secure an allocation and a planning permission, and this is money that many small developers do not have. This is why the Government, through the NPPF, now requires local authorities to allocate more sites of varying sizes and it is essential that the Council supports this objective.

SP19 Affordable Housing

Contributions on sites not considered to be major development.

14. Our first concern is that in amending this policy from that set out in the 2012 Core Strategy the Council has not amended the requirement for developments of between 5 and 9 units to make a contribution to affordable housing provision. The NPPF is very clear at paragraph 63 that "*Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas*" and as such the Council must remove this requirement.

15. In considering its position it is important that the Council recognise why Government introduced this particular policy. The Ministerial Statement that first set out the policy now adopted in the NPPF was clear that the reason for introducing this policy was to “*ease the disproportionate burden of developer contributions on small scale developers*”. This is distinct from whether or not such development is viable in general but whether they are a disproportionate burden on a specific sector that faces differential costs that are not reflected in general viability assessments.
16. These costs have led to a reduction in the number of small and medium (SME) sized house builders. Analysis by the HBF³ shows that over the last 30 years changes to the planning system and other regulatory requirements, coupled with the lack of attractive terms for project finance, have led to a long-term reduction of total SME house builder numbers by about 70% since 1988. The Government is very anxious to reverse this trend and increase the number of small businesses starting up and sustaining this activity. Improving business conditions for SME home builders is also, as outlined above the key to long-term supply responsiveness.
17. We recognise the importance of addressing the poor affordability within West Berkshire. However, in addressing the issue of affordability and affordable housing provision we would suggest that the Council are unlikely to address these concerns through affordable housing delivery on smaller sites of between 5 and 9 units. The policy is more likely to reduce the attractiveness of such sites and limit opportunities to SME house builders - the primary objective of this policy.

Level of contribution

18. The viability evidence presented by the Council indicates that viability in some scenarios across the Borough is mixed and sensitive to an increase in the cumulative costs being placed on it through this local plan. In particular we note that scenarios involving previously developed land (PDL) in lower value areas would struggle to meet the policy costs being placed on it by the Council. In some cases, even greenfield scenarios in lower value areas would appear to be unviable or marginally viable at the proposed levels of affordable housing contribution.
19. As such the Council should consider whether greater variation could be included within the policy than is currently being proposed. The Government’s approach to planning contributions is to ensure that negotiations on regarding these are significantly reduced. This will, in some cases, require policies to set out a greater variety of contributions that reflect the nature of viability in different locations and on different types of site. For example, the Council differentiate between PDL sites and greenfield sites on the basis that the former is less viable than the latter. However, on PDL sites the Council’s evidence indicate that such development in

³http://www.hbf.co.uk/?eID=dam_frontend_push&docID=25453&filename=HBF_SME_Report_2017_Web.pdf

lower value areas would be either unviable or on the margins of viability with a 30% affordable housing contribution. We recognise that not all scenarios can be reflected, and as such welcome the ability to negotiate in some circumstances, but in order to reduce the potential for negotiation we would suggest further variation is provided in the policy.

DC3 Building sustainable homes

20. The Government, as the Council have noted in paragraph 10.17 and we have noted above, have stated in paragraph 6-012 of PPG that energy efficiency improvements should not be higher than those achieved by level 4 of the Code for Sustainable Homes (CSH). It is not clear whether the Housing Quality Mark would see improvements beyond level 4 and as such whether it is consistent with national policy. Given that from 2022 the new part L Building Regulation will see improvements higher than those achieved through level 4 of the CSH we do not consider it necessary to include an additional minimum standard.
21. As set out in our comments on SP5 the HBF considers a universal standard is necessary to allow research and development and supply chains to focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements. Therefore, the HBF consider the phased approach taken by Government towards adopting the Future Homes Standard in 2025 to be most effective way to achieve improvements in the energy efficiency of new homes whilst also maintaining delivery and that the requirement for residential development to meet the Homes Quality Mark be deleted from DC3.

DC29 Residential Space Standards

22. Policy DC29 requires development to meet national spaces standards as a minimum. Whilst the HBF share the Council desire good quality homes delivered within West Berkshire we also consider that space standards can, in some instances, have a negative impact upon affordability issues and reduce customer choice. In terms of choice, for example, some developers will provide entry level two, three and four-bedroom properties which may not meet the optional nationally described space standards, but which would allow on lower incomes can afford a property which has their required number of bedrooms.
23. Given the poor affordability of property in the area and the tight constraints on development it is therefore important that the Council can provide, in line with PPG, robust evidence that there is a need to introduce the optional space standards – that these standards are a must have rather than a nice to have policy. However, we could not find any evidence prepared by the Council to suggest that development below space standards is an endemic concern within West Berkshire. As such we would suggest that policy D5 is deleted from the plan. This would give the Council greater flexibility to maximise the number of sites that are developable as well as extending consumer choice to more households.


DC35 Transport infrastructure

24. This policy introduces requirements for electric vehicle charging points and any associated infrastructure to be provided on all development. The HBF supports the use of electric and hybrid vehicles and the introduction of the necessary supporting infrastructure via a national standardised approach implemented through the Building Regulations to ensure a consistent approach to future proofing the housing stock. It is the industry's preference for a national approach to the provision of charging points rather than local authorities setting their own standards. We consider this is necessary to allow research and development and supply chains to focus upon responding to agreed national targets, and for training providers to plan their programmes to equip the labour force to meet these new requirements. It is fundamentally inefficient to create a plurality of standards.
25. The Government has recognised in recent consultations the possible impact of any requirement to provide electric vehicle charging points on housing supply, where the requirements are not technically feasible. The same consultation proposed introducing exemptions for such developments. The costs of installing the cables and the charge point hardware will vary considerably based on site-specific conditions in relation to the local grid. The introduction of Electric Vehicle Charging Points (EVCP) in new buildings will impact on the electricity demand from these buildings especially for multi-dwelling buildings. A requirement for large numbers of EVCPs will require a larger connection to the development and will introduce a power supply requirement, which may otherwise not be needed. The level of upgrade needed is dependent on the capacity available in the local network resulting in additional costs in relation to charge point instalment.
26. Where such costs are high the Government are proposing that any potential negative impact on housing supply should be mitigated with an appropriate exemption from the charge point installation requirement based on the grid connection cost. The consultation proposes that the threshold for the exemption is set at £3,600. In instances where the additional costs are likely to make developments unviable, it is the Government's view that the EVCP requirements should not apply and only the minimum Energy Performance of Buildings Directive requirements should be applied.
27. As such we would suggest that the requirement for EVCPs should not be included in the local plan because the Government's proposed changes to Building Regulations will provide a more effective framework for the delivery of charging points for electric vehicles.

Conclusions

28. We hope these representations are of assistance in taking the plan forward. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt', with a stylized flourish at the end.

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