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02/03/2023

Dear Sir/ Madam

**Response by the Home Builders Federation to the consultation on the West Berkshire Local Plan Review 2022 to 2039**

1. Please find below the Home Builders Federation (HBF) response to the consultation on 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.

**Duty to co-operate.**

2. The Council have produced a signed statement of common ground setting out what the key strategic issues are with regard to the West Berkshire Local Plan and the co-operation that has taken place. This notes that housing needs and supply are a cross boundary issue and notes that unmet needs of Reading as a particular issue that needs to be resolved. As is also noted later on in our representations no Council in the West Berkshire Housing Market Area (HMA) has committed to addressing this small shortfall arising in Reading. Given that it is not a significant number of homes this should have been a relatively simple exercise and does not give much confidence as to the effectiveness the co-operation in this area. Instead of addressing this issue the Councils have, contrary to the expectations of PPG, pushed back consideration of this issue to a future plan review.
3. What is also lacking within the statement of common ground or the Duty to Co-operate Statement is any recent evidence of ongoing cooperation and engagement. The Governance section of the SoCG for example points to a West of Berkshire Strategic Planning Group but we could find no evidence as to when these meetings have occurred, whether the key strategic and cross boundary issues were discussed and the outcome from these discussions. The Council will need to provide more detail if it is to show that it has co-operated effectively and met its legal duties.



## **Plan period**

Plan period is not consistent with national policy as it is likely to be less than 15 years on adoption.

4. The proposed plan period runs to 2038/39 which will mean that the plan would need to be adopted in 2023/24 if it is to have a full 15 years from the point of adoption as required by paragraph 21 of the National Planning Policy Framework (NPPF). If the plan is adopted in 2024/25, as would seem most likely on the basis of submission in autumn 2023 and at least 12 months for examination, in then the plan would look forward for less than 15 years. Therefore, in order to ensure the plan period is consistent with national policy then an extra year should be added with the plan period ending in 2039/40.

## **SP5 – Responding to climate change.**

Part c and d are unsound as they are not consistent with national policy relating to technical building standards.

5. Our detailed concerns regarding the requirement for new residential to achieve net zero operational carbon are set out in our comments on DM4 which sets out the Council's policy approach to achieving this. The HBF recognises the need for new homes to be more energy efficient and support the national ambition to be net zero by 2050. However, we consider that the most effective way of achieving this alongside delivering the homes required to meet the needs of the country is through the application of building regulations and the Future Homes Standard. This will ensure that new homes are zero carbon ready from 2025 with net zero being achieved through the decarbonisation of the national grid. We would therefore suggest that SP5 is amended to remove point c and d which the HBF does not consider to be consistent with national policy.

## **SP12 – Approach to housing delivery.**

The policy is unsound as it does not provide the necessary clarity required of a policy as set out in paragraph 16 of the NPPF as well as failing to take account of the unmet needs of a neighbouring area as required by paragraphs 11 and 61 of the NPPF.

## ***Housing needs***

6. The Council state that provision will be made for between 8,721 and 9,146 new homes over the plan period, between 513 to 538 dwellings per annum. This range is based on the minimum required using the standard method and that minimum plus an additional 5% in order to support the government objective of boosting the supply of homes. The Council suggest in paragraph 2.32 of the Housing Background Paper that the use of a range is common practice. The HBF would disagree and consider the use of a range to be inconsistent with the NPPF.

7. Whilst the HBF supports Councils that seek to boost the supply of homes the use of a range does not provide the necessary clarity, as required by paragraph 16 of the NPPF, as to the Council's annual housing requirement against which delivery will be measured. It could also create confusion as to the application of the 5% buffer required, as set out in paragraph 74 of the NPPF, to provide flexibility in the supply of homes and provide choice and competition in the market for land. The Council needs to be clear in policy what the minimum requirement is and what will be supplied, including any buffer. To confuse the two will just create difficulties the assessments of five-year land supply on any appeals that are brought forward after its adoption.

#### *Unmet housing needs*

8. The Council refers to Reading's unmet housing need of 230 dwellings in paragraph 6.5 of the Local Plan. However, no mention is made as to how this unmet need will be met with the statement of common ground only stating that this will be met within the West of Berkshire HMA. The NPPF is clear at paragraph 61 that the unmet needs of neighbouring area must be taken into account when establishing the number of homes to be planned for. Given that the Bracknell Forest Local Plan, that has recently been through its examination in public, has not included any additional supply to address the shortfall in Reading it falls to either Wokingham or West Berkshire to include it within their housing requirement. The Council has had a number of years to ensure this relatively small amount of additional supply is addressed and it should have been included either wholly or in part within the Council's housing requirement.
9. Instead, the Council are looking to push back the delivery of these homes. The Housing Background Paper states at paragraph 2.24 that distribution of unmet needs will be done through a local plan review before the need arises. However, Planning Practice Guidance (PPG) states that "*Inspectors will expect to see that strategic policy making authorities have addressed key strategic matters through effective joint working, and not deferred them to subsequent plan updates ...*" which therefore requires these needs to be addressed in this local plan not a future update of this plan or the Reading Local Plan. It must also be noted that given the physical constraints faced by Reading it is unlikely that a review will address these needs in future, it is more likely that unmet housing needs in Reading will grow and will need to be addressed in West Berkshire and the other authorities surrounding Reading.

#### *Affordable housing*

10. As the Council will be aware the local housing needs assessment (LHNA) is the starting point and that there may be circumstances where the Council must plan for a higher level of housing needs. One such circumstance, as highlighted in paragraph 2a-024 of PPG, is where increased housing delivery would help deliver the required number of affordable homes. The Council's evidence indicates that there is a need for at least 330 affordable and social rented homes per annum.

This is roughly 60% of the Council's housing requirement. Given that the principle mechanism for the delivery of affordable homes is through the allocation of market housing there is justification for adopting a higher housing requirement.

### ***Housing Supply***

11. Whether or not the Council is meeting its housing needs over the proposed plan period is dependent on the requirement. Based on the upper end of the range the Council is not meeting its housing needs with a small shortfall of 89 homes. Using the minimum requirement of 513 there is small buffer of 336 homes over the plan period, circa 4% of total need. As such there is very limited flexibility in supply and no certainty that needs will be met over the plan period. This is a very small buffer in terms of overall supply and as such the ability of the plan to show that needs can be met in full across the whole plan period will be at risk from changes in delivery rates on any sites that deliver towards the end of the plan period. Given the reliance on delivery in the second half of the plan period from the strategic allocation at North East Thatcham and development of windfall sites a more substantial buffer in overall supply would provide greater certainty that the plan is deliverable over the plan period.
12. As to the degree of buffer required it is not possible to provide a definitive answer. The size of the buffer required to provide the necessary flexibility will depend on the nature of the supply coming forward across the plan period. A greater reliance on a few small sites will need a higher buffer between needs and supply. With regard to the West Berkshire Local Plan the HBF would recommend that a buffer of at least 15% is included to ensure the plan meets housing needs in full.
13. The HBF are also concerned that the five-year land supply on adoption in 2024/25 is marginal against either the upper or lower range. On the upper requirement of 538 dpa the Council will have a land supply of just 5.04 on adoption and a 5.38 using the 513 dpa requirement. This is marginal and could see the Council not having five-year land supply on adoption should there be changes to the delivery expectations in any of the allocated sites. In order to provide a more robust five-year land supply in the early years of the local plan it will be important for the Council to revisit its land supply and seek to include more small and medium sized sites that will deliver earlier in the plan period. This would also help to ensure that the Council ensures that at least 10% of the housing requirement is delivered on identified sites of less than one hectare. At present it is not clear that this requirement in paragraph 69 of the NPPF has been achieved with the plan identifying just 65 homes coming forward on allocated sites that are less than one hectare. The HBF would therefore recommend that additional small and medium sized sites are allocated to meet the requirements of the NPPF and provide a more secure five-year housing land supply on adoption.

## *Windfall*

14. The Council have concluded that at least 1,958 homes will come forward on windfall sites – around 20% of overall supply. Firstly, we would suggest that rather than rely on this level of windfall the Council seeks to allocate more small sites in order to meet the requirement set out in paragraph 69 of the NPPF. The proactive identification and allocation of such sites is a key part of plan making that was included in the NPPF to provide more support to SME house builders who rarely have the security of sites being allocated through the local plan. A thriving SME sector is key to delivering a mix of homes and ensuring a robust supply in the early years of any plan as this sector will bring forward sites rapidly once a plan is adopted.
15. With regard to the level of small site windfall the HBF would suggest that there is a risk that the evidence could overstate the how many homes will come forward on such sites. The evidence supporting this level of supply is set out in section 3e of the Housing Topic Paper with table 3.1 indicating that on average 140 small sites came forward through windfall each year. However, this is a long-term average and the HBF is concerned that this may well be a declining source of supply given the high average rates in previous years. For example, over the last five years small site windfalls have delivered on average 113 dwellings each year. Whilst there is evidence to support a small sites windfall allowance, we would recommend that a 20% reduction is made reflect the lack of certainty of this source of supply at the proposed rate.
16. The HBF agree with the Council's decision not to include larger and medium sized sites as part of any windfall allowance. There is no certainty as to the when or if these types of sites will come forward over the plan period. It is also the case that large windfalls that have been developed previously are similar to the types of sites that are allocated in the local plan and a such are far less likely to come forward. Their inclusion would in effect double count their delivery in the proposed trajectory.

## **SP18 – Housing type and mix**

17. Last year the Government published its response to the consultation on the building regulations governing accessibility - Part M<sup>1</sup>. This response states that the Government will make part M4(2) the mandatory standard. Whilst this is still to be introduced, given the likelihood that the Government will make M4(2) the mandatory standard we would recommend that the Council amend its policy accordingly to ensure no unnecessary repetition of building regulations within planning policy.

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<sup>1</sup> <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response>

18. With regard to option standard for wheelchair accessible housing set out in part M4(3) we are concerned that the requirement for 10% of market housing and a maximum of five affordable units are built to this standard is not supported by the Council's evidence. It is estimated that there is a need for 1,400 additional homes for wheelchair user homes. This level of need is arrived at on the basis that there is an existing need of 420 homes and projected increase in need of 797 such homes over the plan period. However, the projected need does not appear to take into account the fact that many of these additional households will already live in the Borough and will live in homes that can be adapted to meet their needs. As the Council note in relation to existing households about 25% live in home where it would be problematic or unfeasible to make visitable and therefore it cannot be assumed that all those with such a need in future will seek to have that need met by moving to a new home. If the 25% is applied to future households, then the newly arising need for homes built to M4(3) is around 200 households, giving a total need of 620 homes, significantly lower than the 1,200 homes suggested by the Council. Therefore, the requirements relating to M4(3) are not justified and should be reduced to reflect the evidence.
19. The policy also lacks clarity as to what is required of an applicant. With regard to the provision of M4(3) in market housing the policy reads more as a statement of a broader ambition rather than a requirement placed on all development. Paragraph 16 of the NPPF requires policies to be clearly written and unambiguous and the Council needs to set out in policy more clearly what it is expecting from development with regard to this optional standard.

### **SP19 – Affordable housing**

20. The policy sets out a variable policy reflecting the different vitality between green field development and previously developed land (PDL). In addition, the Council is also requiring sites of between 5 and 9 to provide affordable housing.
21. Whilst the HBF agrees with the Council with regard the use of a variable approach we are concerned that the rate applied to PDL sites is, as noted in paragraph 3.1.16, is at the upper end of what is viable. Whilst we note the Council's comments in the Viability Assessment that only 3 sites out of the 44 that have come forward in the last 7 years have failed to meet the affordable housing requirements this did not include requirements for 10% BNG and net zero carbon emissions. These costs will place more pressure on development and in particular will affect PDL sites where existing use values are generally assumed to be higher than on green field sites. The evidence indicates that 30% affordable housing on many such sites will be unviable or marginal and as such a lower overall requirement would be ensure more sites come forward without the need for negotiation.
22. If the Council do not consider a change to be necessary, it should be more encouraging of development that can't viably deliver affordable homes. Whilst we recognise that paragraph 58 states that these should only be in exceptional

circumstances it is apparent from the evidence that these circumstances are not exceptional but will be relatively common. Therefore, we would suggest that the Council takes a more supportive approach in this policy to negotiation in recognition of the evidence.

23. Point b in the second paragraph of the policy sets out the Council's intention to require a financial contribution for affordable housing on sites of 5 and 9 dwellings. Paragraph 6.75 indicates that the Council are aware that paragraph 64 of the NPPF only allows for contributions from such sites in designated rural areas, yet it would appear from the policy that they are requiring contributions for affordable housing from all sites delivering 5 to 9 homes regardless of where these are located. The justification for this position appears to be that as 74% of the Borough is in an AONB such an approach is considered to be reasonable. If the Council's intention is that this element of the policy is only relevant to rural areas, then this should be expressly stated in the policy.
24. If it is the Council's intention that all sites of between 5 and 9 should provide 20% affordable housing, then the HBF consider this policy to be unsound. It is worth noting why the Government introduced this particular policy. The Ministerial Statement is 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. These costs have led to a reduction in the number of small and medium (SME) sized house builders. Analysis by the HBF 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 the key to long-term supply responsiveness.
26. Therefore, the HBF consider it essential that the Council amend the policy to clearly state that only sites of 5 to 9 dwellings in designated rural areas are required to deliver affordable housing.

#### **DM4 – Building Sustainable Homes and Businesses**

27. The Council are proposing that all new residential dwellings should achieve net zero for both regulated and unregulated energy by implementing the energy hierarchy. This would require new residential development to deliver a 63% reduction in carbon emission compared to baseline emission rate achieved using 2021 Part L of the Building Regulations prior to the introduction of the Future Homes Standard. In addition, the Council are seeking a target of 15 kwh/m<sup>2</sup>/year for space heating demand and carbon offsetting via a cash in lieu contribution if homes cannot demonstrate that it is sent zero carbon. The approach being put

forward by the Council will in effect require developers to bring forward energy efficiency standards in their new homes that are beyond current building regulation but also those that would be introduced in the Future Homes Standard through the requirement to achieve a target for space heating that matches those required for a Passivhaus.

28. The HBF recognises the need to improve the energy efficiency of new homes and consider that the most effective way of achieving these improvements is through nationally applied standards and not through a variety of different approaches adopted in local plans. Delivering new homes to a variety of different standards in different LPAs increasing costs and reducing the economies of scale that come from building homes to consistently applied national regulations. In particular this has a significant impact on small and medium sized housebuilders and as such could impact on a key sector the government are seeking to encourage and which ensure the greater diversity of housing across the country. The house building industry is not resistant to improving the energy efficiency of new homes and reducing carbon emissions it merely wants these improvements to be consistent across the country as a whole rather than face different standards in each local planning authority.
29. We also consider the Council's approach to be inconsistent with that being put forward in policy. Firstly, the Council must consider section 5 of Planning and Energy Act 2008 which states that energy policies in local plans "*... must not be inconsistent with relevant national policy*". Secondly consideration must be given to current Government policy which was first established in the Written Ministerial Statement and then reiterated in paragraph 6-012 of PPG. These two statements set out that Council's should not go beyond a 20% improvement on the 2013 building regulations (an improvement equivalent to the long-abolished level 4 of the Code for Sustainable Homes). Given that this has now been exceeded by Building Regulations it is evident that the Government's intention is to use building regulations as the main focus for change on this matter and this is further reinforced by paragraph 154b of the NPPF states in relation to greenhouse gas emissions that "*... any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards*".
30. This would suggest that whilst the Government have accepted some uplifts to technical standard can be made through local plans, they are seeking to deliver major changes to energy efficiency standards through building regulations. To some extent the Council would appear to acknowledge this situation by stating that Target Emissions Rates should achieve those set by the Future Homes Standard once it is introduced. However, to then require a space heating demand equivalent to Passivhaus standards means that buildings will still have to go beyond what is expected within Building Regulations once the Future Homes Standard is introduced. The HBF consider that the Government's expectation through the policy framework is that Council's do not seek to go beyond the requirements that are set out in current and future Building Regulations. As such



the Council must amend this policy to remove reference to achieving standards beyond those required by Building Regulations.

31. It is important to recognise that the development of the Future Homes Standard has included and been supported by the house building industry, energy and water providers, bodies such as RSPB and three Government departments. The framework developed will ensure that the transition to zero carbon homes is feasible whilst maintaining house building levels that can address the current housing crisis facing the country. To then place additional requirements with regard to such matters is unnecessary and unjustified.
32. Whilst we do not consider the policy to be sound, if the Council are to continue with this approach, we would recommend that more clarity on flexibility is included in the policy where this would result in a development becoming unviable. At present the second paragraph refers to both feasibility and viability but it is not clear as to how a decision maker should react where it is not possible to meet these standards. Therefore, if these policies are to be retained greater clarity as to flexibility in their application is required.
33. Finally, the policy requires a payment to be made where net zero cannot be achieved. The HBF considers such policies to be inconsistent with national policy which makes no reference to offsetting of residual carbon emissions from both unregulated and regulated energy. In particular development should not be required to offset unregulated energy. Housebuilders cannot dictate how individuals use their homes once they are occupied, the number of appliances they use, and the energy efficiency of those appliances. As such any reference to unregulated energy use in this policy should be deleted as it is not in the control of the developer.

*Costs of meeting zero carbon standard.*

34. The Council's viability study to support the LPR suggests that the evidence on the cost of achieving zero carbon in relation to regulated and unregulated emissions is between 7 and 11% of build costs. However, in the latest tests the Council have included a +5% build cost allowance on the basis that costs will reduce over time as efficiencies improve. This may be the case but in the short term it would appear to be the case that these costs will be higher, and viability should be tested against these costs not on future efficiencies. It is also not clear as to how the potential cost of carbon offsetting has been included in these estimates.

*Conclusion on net zero operational carbon*

35. In brief the HBF are concerned that the higher level of energy efficiency standards being proposed by the Council go well beyond what is being proposed by the Government and we say beyond the intention of its stated position in PPG. The Government have set out its intentions with regard to the Future Homes Standard from 2025 which will provide a significant improvement to the energy efficiency of

new homes, a process that allows for the decarbonisation of the grid to transition homes net zero. Given that the Future Homes Standard will be challenging for the industry to deliver nationally there will be difficulties at the same time in achieving the Council's more stringent requirements. As such the HBF consider the policy to be unsound as it is unjustified to push for a more stringent target than that set out by a careful dialogue between Government and a range of stakeholders.

### **DM7 – Water resources and waste water**

Elements of the policy are unsound as they are inconsistent with national policy and unjustified.

36. The HBF recognises that there will be a need for homes in water stressed areas to be built to higher optional standards. However, the Council should not be asking development to aim for water neutrality as outlined in the opening sentence of this policy. As the Council notes in order to achieve neutrality will require reductions in water use in other buildings across the Borough. This is not in the gift of the development industry to deliver but, as indicated in the policy, for the Council to work with other partners to achieve. We would therefore suggest that the “... *and aims to be water neutral as far as practicable by incorporating appropriate water efficiency and water recycling measures*” is deleted. We would also recommend that the opening paragraph of the policy is moved to the supporting text as it is more of an objective than a policy against which an application will be determined.

### **DM19 – Specialised housing**

37. The Council recognise that an increasing elderly population will require the delivery more specialist accommodation in future. As such, the priority should be for the Council to allocate sites promoted for such accommodation in the local plan. Only through site allocations can the Council be certain that the needs of older people be met.
38. However, the HBF recognise that it may not be possible to allocate sufficient sites for specialist accommodation to meet the needs of older people. As such it is important that the policy provides an effective mechanism through which decisions on accommodation can be made on the basis of the need for and supply of such development. It is therefore important that this policy sets out how many specialist homes for older people are required in West Berkshire and a commitment is made to monitoring supply against this level of need across the plan period. In addition, the HBF would also recommend that a presumption in favour of development be applied if the supply of land for such development falls below identified annual needs of 95 units per annum.
39. Whilst there is no direct requirement to do so in national policy the HBF would argue that in order for the policy to be effective it needs to be clear as to what is required and how a decision maker should react to ensure those needs are met. By including the level of need in the policy rather than the supporting text greater

weight will be given to this in decision making leading to more positive approach that is required to meet housing the needs of older people.

### **DM30 – Residential Space Standards.**

Policy is unsound as it has not been justified.

40. This policy will require all new residential development to meet the nationally described space standards. As the Council will be aware in order to adopt these standards the Council must show that there is a need for such homes within the Borough, but we could not find the evidence referred to in paragraph 11.105 of the Local Plan. If the Council cannot provide sufficient evidence to support the adoption of these standards, then this policy should be deleted.

### **DM41 Digital infrastructure**

41. The policy requires all residential development to enable Fibre-to-the-Premises (FTTP) at first occupation. However, the delivery of super-fast broadband connections is often not in the gift of the developer. The HBF agrees that such infrastructure is important, however, its provision is not essential and should not be considered a barrier to the occupation of new homes as indicated in this policy. Whilst the HBF supports the Council's desire for such infrastructure it is their responsibility to work with the infrastructure provider to ensure its delivery and enable developments to be connected. Given that the type of connection required of development is also set out in Part R of the Building Regulations we consider it unnecessary to set this out in local plan policy. Paragraph relating to Fibre to the Premises should therefore be deleted.

### **DM44 - Parking**

The policy is unsound as it is unjustified and not consistent with national policy.

42. The HBF is concerned that the wording in the third sentence of the third paragraph is amended could appear to decision makers that there will be times when development should go beyond building regulations. Building regulations clear sets out what is required with regard electric vehicle charging points for residential development and there is no need for a developer to go beyond these standards. We would therefore recommend that the words "*and where there are opportunities to go beyond minimum standards*" is deleted. This will ensure the policy is consistent with paragraph 16 of the NPPF in providing a clear and unambiguous policy.


### **Conclusion**

43. At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 35 of the NPPF, in the following key areas:

- Insufficient evidence to show the duty to co-operate has been adequately discharged.
- Plan period that is not consistent with national policy
- A failure to meet the unmet needs of Reading;
- Failure to set out clearly the housing requirement.
- Unjustified requirements in relation optional technical standards for accessible homes and nationally described space standards;
- Unsound requirement to go beyond energy efficiency standards set out in building regulations.

44. As such I can confirm that I wish to participate in the relevant hearing sessions in order to fully represent our concerns which reflect the views of discussions with our membership who account for 80% of the market housing built in England and Wales.

Yours faithfully

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

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