

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

31/01/2024

Dear Sir/ Madam

1. Thank you for consulting the Home Builders Federation (HBF) on the partial update to the Reading Local Plan. 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.

Plan Period

Q4. Do you agree with the plan period 2023 to 2041?

2. The Council are required to have a plan period that looks ahead for at least 15 years post adoption. However, the Local Development Scheme (LDS) sets out the expectation of the plan being adopted in the summer of 2025 which would mean that a plan that runs from 2023/24 to 2040/41 would not look ahead for a full 15 years from adoption. Whilst this is only marginally short of what is required the HBF are concerned that the timetable for preparation set out in the LDS is overly ambitious. For example, the Council expect the period from submission to adoption to be nine months, however, in our experience this will take at least 12 months from the appointment of the inspector to the adoption of the local plan but for the majority of local plans this will take much longer. As such we would suggest that an extra year is added to the plan period to ensure that the plan period is sound.

CC2: Sustainable Design and Construction

Q7: Do you agree that we should update policy CC2 as described? Are there other changes that are required?

3. The Council state that this policy deals with the sustainable design and construction of new non-residential development. If this is the case, then the title of this cross cutting policy is confusing as it is not clear at first that this only relates to non-residential development. The title should be amended to read Sustainable Design and Construction of Non-residential Development. This should also be reiterated in the policy itself.

CC3: Adaptation to climate change

Q8: Do you agree that we should update policy CC3 as described? Are there other changes that are required?

4. It is not clear whether the proposed changes are to be included in the policy or supporting text. The HBF would suggest that references to strategies should be solely made within the supporting text and not the policy itself which should be reserved for matters relating to decision making.

EN12: Biodiversity and the green network

Q17: Do you agree with the proposed level of biodiversity net gain to be sought?

5. Yes, the HBF agree with the Council's current intention not to go beyond the 10% statutory requirement. As the Council note there is limited experience as to how the delivery of net gains will work in practice and there is still significant uncertainty as to the potential cost of this to development.

Q18: Do you agree with the proposed approach to off-site Biodiversity Net Gain provision?

6. No. When delivering BNG developers are required to follow the mitigation hierarchy which emphasises that onsite biodiversity gains should be considered first followed by registered offsite biodiversity gains and – as a last resort – biodiversity credits. This hierarchy is reinforced through the biodiversity metric which requires a developer to deliver more mitigation if it is delivered outside of the local area. As such it is already in the interest of the developer to deliver net gains within the local area. However, it must be recognised by the that this may not be possible and that it is unreasonable to place a 10km buffer as to where mitigation can be provided. It is clearly the Government's intention, as indicated by

the availability of statutory credits, that where mitigation cannot be delivered on site or locally then there is scope for credits to be purchased that provides suitable mitigation anywhere in the Country. As such the proposal to limit mitigation to within 10km of Reading is inconsistent with national policy and is unsound.

H1: Housing Provision

Q27: Do you have any comments on the amount of housing that Reading should be planning for? and Q28: Do you have any comments on how the issue of a shortfall in identified needs is proposed to be addressed?

7. It is proposed that H1 is amended to state that the housing requirement is in the region of 800 dwellings per annum, a total of around 14,400 homes across the plan period. This is a capacity based requirement that is below the 877 dpa minimum derived from the standard method.
8. The NPPF states at paragraph 61 that this is the advisory starting point for consideration of the housing requirement and that in exceptional circumstances which justify an alternative approach housing need. It is the Council's view that the application of the 35% cities and urban centres uplift in the standard method divorces the standard methodology from a basis in local need and has commissioned its own assessment. This assessment has not yet been published but the initial results indicate a locally based housing need of around 735 dpa.
9. Without the council's assessment of need it is not possible to state whether the initial figure of 735 dpa is robust. However, the HBF have some concerns with regard to the reasons for dismissing the standard method on the basis of cities and urban uplift. This uplift is not included in the standard method as a reflection of local needs but on the basis that the Government considers it necessary to maintain its commitment to delivering 300,000 homes each year and that cities and urban centres to be the most sustainable location for new development. This was most clearly articulated in the Government response to the local housing need proposals in "*Changes to the current planning system*" in April 2021¹ which stated three strong reasons for applying such an uplift. These were:

¹ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/government-response-to-the-local-housing-need-proposals-in-changes-to-the-current-planning-system>

- building in existing cities and urban centres ensures that new homes can maximise existing infrastructure such as public transport, schools, medical facilities, and shops.
- the potentially a profound structural change working through the retail and commercial sector is likely to increase opportunities for creative use of land in urban areas and allows more priority to be given to the development of brownfield land.
- the need to address climate change demands a spatial pattern of development that reduces the need for unnecessary high-carbon travel.

10. As such there would not appear to be the exceptional circumstances to depart from the standard method as is being suggested, and the Council should seek to maximise delivery to try and meet standard method in full. However, the HBF recognise that it may not be possible for a tightly bounded authority such as Reading to meet those needs in full. In such circumstances the NPPF outlines that the uplift should be met in the city or urban centre except where there are voluntary cross boundary redistribution agreements in place to deliver these homes elsewhere. Therefore, if the Council cannot meet its housing needs in full it will still need to seek voluntary arrangements for their delivery elsewhere as part of the duty to co-operate and to ensure that evidence of these discussions is published at the next stage of the consultation.

11. If the Council cannot meet needs in full then the requirement will be a capacity led figure. At present it is stated that this will be around 800 dpa. Without the necessary evidence available at this stage, it is not possible to say whether this figure is accurate, but the HBF would recommend that it is prefixed with the phrase at least. It is necessary even with a capacity led requirement that this be seen as a minimum and not ceiling on what should be delivered.

H2: Housing Mix

Q31, Do you agree with the proposed update to policy H2 to strengthen the wording on self-build?

12. The HBF would question whether the evidence on the demand for self-build homes requires the proposed wording especially if it has not considered other options to support self-build delivery as outlined in paragraph 57-025 of Planning Practice Guidance. Before

strengthening the wording relating to self-build the Council should proactively seek to identify sites, particularly on its own land, rather than require their provision as part of all major residential development.

H3: Affordable housing

13. The Council are not proposing to amend the amount of affordable housing new residential development will be required to provide. However, the Council will need to consider whether development can still viably achieve this level of affordable housing provision given the additional costs that are being placed on new development as part of the amendments being proposed. As set out elsewhere in this response the cost of meeting higher energy efficiency standards and BNG will need to be considered and if necessary, reflected in the requirements set out in policy H3.

14. The Council are proposing to amend H3 to reflect Government's policy of delivering 25% of affordable homes as First Homes. The HBF would agree with the Council's decision not to apply a greater discount than 30% minimum due to the impact of viability. However, it will be important that the viability evidence assesses the impact of First Homes. These homes are built and sold by the developer and must be treated as market homes in the viability assessment with the appropriate profit margin and costs relating to marketing and sales included.

H5: Standards for new housing

15. The policy will be amended to require all new build housing to be net zero. In achieving this the council are proposing that average space heating demand of 15-20 kWh/m²/annum, a total energy demand of 35 kWh/m²/annum and with no single dwelling having an energy demand in excess of 60 kWh/m²/annum. To achieve net zero the Council will in addition require development to include on-site renewable energy that matches total energy use over the course of the year. The Council will also amend the policy require all new build housing to achieve water neutrality if possible and as a minimum achieve higher water efficiency standards using a fittings approach.

16. Whilst the HBF would agree with the Council that there is a need to act to reduce carbon emissions we would disagree that this needs to be undertaken through the local plan given that there is already a national approach, the Future Homes Standard (FHS), being taken

forward to achieve the same goal. Delivering these improvements through building regulations has a distinct advantage over delivering a variety of different approach across the county in that it provides a single approach that all developers understand and can be rolled out at scale. This allows supply chains and skills to be improved prior to implementation and ensure that improvements to building standards are actually deliverable from the point at which they are introduced. However, if the Council chooses to go beyond current or future standards it must be done in a way that is consistent with national policy and robustly assesses its consequences.

17. As such the Council will need to give consideration as to how the requirements of the proposed amendments to H5 are consistent with the written ministerial statement (WMS) published on the 13th of December 2023. In this statement the housing minister notes that *“Compared to varied local standards nationally applied standards provide much-needed clarity and consistency for businesses, large and small, to invest and prepare to build net-zero ready homes”* and that local standards can *“add further costs to building new homes by adding complexity and undermining economies of scale”*. The 2023 WMS goes on to state that any standard that goes beyond building regulations should be rejected at examination if the LPA does not have a well-reasoned and robustly costed rationale that ensures:

- That development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.
- The additional requirement is expressed as a percentage uplift of a dwelling’s Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).

18. Turning to the first bullet point, the Council will need to ensure the costs and deliverability of this policy are fully and robustly tested. With regard to the costs of the Council’s policies the Future Homes Hub (FHH) has undertaken some work to support and inform the implementation of the Future Homes Standard, the findings of which are set out in *“Ready for Zero”*. This study tests a number of archetypes against a range of specifications from the current standards set out in the 2021 Building Regulations through to standards that will achieve similar standards to those proposed by the Council. The various specifications and costs considered are summarised in Figure 8 of this report and indicates that in order to deliver standards above the FHS on a three bedroomed end of terrace house (specifications CS3, CS4 and CS5 in the FHH report) would be around a 15% to 20% increase in per unit

costs compared to the 2021 Building Regulations. Whilst the specifications and assessment methodology may not be directly comparable to those being proposed by the Council it provides an indication as to the costs of achieving net zero in residential development.

19. In addition, the Council will need to consider the impact of these policies on both delivery rates and when the proposed site allocations will commence. Given that the standards proposed in H5 are higher than those proposed by Government in the Future Homes Standard, which is expected to be introduced in 2025, they will likely require higher levels of fabric efficiency which will require new skills and materials that may not be readily available, and which could slow delivery the short to medium term as these are developed. It has been recognised by the FHH that to deliver higher standards will require phased transitional arrangements would be needed to steadily build up the skills and ensure quality. The FHH also notes in its report Ready for Zero that even if a short transition period between current standards and those similar to the Council are proposing that this would “... *create a high risk of quality problems, inflated costs and, potentially, stalled build programmes.*” As such consideration will need to be given as to the delivery rates of development in the early years of the plan period with fewer homes potentially coming forward in this period as these much higher standards will take time to embed.
20. Moving to the second bullet point, the approach proposed by the Council based on energy use is inconsistent with the approach set out in the WMS and as such is unsound. It should be noted that the Government have considered whether it was appropriate to use a delivered energy metric such as the one being proposed by the Council and have concluded that these do not offer any additional benefits to those being taken forward by Government. Therefore, if the Council are to require standards above those required by building regulations must be expressed as a percentage of the target emission rate.
21. The Council are proposing to amend H5 to require developers to use methodologies for assessing the energy performance of new homes against this policy other than SAP. The HBF consider this approach to be inconsistent with the WMS which requires policies, and by extension the assessment of performance against at policy to be based on SAP. This provides consistency in the assessment frameworks for both planning policies and building regulations and ensures there is not a proliferation of assessment frameworks used that adds to the complexity for both applicant and decision maker. This clarification of national policy should be reflected in the requirements to be included in the Energy Statement.

22. The HBF supports the inclusion of the additional paragraph setting out how decision makers should react where a development cannot viably deliver the higher standards being proposed by the Council.
23. Finally, the requirement for applications of 50 or more dwellings to demonstrate a predicted embodied carbon of less than 750-800 kg/m² of carbon within the development for the substructure, superstructure and finishes is not justified. No evidence is provided as to whether this level of reduction is feasible or viable. There are also considerable difficulties and uncertainties in this area with inevitable trade-offs between reducing embodied carbon versus place making design and requirements for renewable energy generation such as photovoltaics. Therefore, if the Council have the evidence to show that the policy is deliverable the Council will need to ensure that all these other policies are consistent with delivering the levels of embodied carbon being proposed. The HBF would also recommend that the policy is sufficiently flexible to take account of those situations where the policy cannot be achieved.

H6: accommodations for vulnerable people

24. The Council state in paragraph 8.70 that Reading has an ageing population and that it is currently assessing what the needs of older people are. This is welcomed and it will be important for the Council to clearly state what these needs are in the plan, preferably within policy. With regard to meeting these needs the Council will need to, in the first instance, seek to identify and allocate specific sites to meet these needs. If insufficient sites cannot be identified to meet needs, then the Council must ensure that the plan is supportive of such development and does not place onerous restrictions on where and how such development should come forward. The Council will also need to ensure that the viability of such development is robustly tested, taking into account the specific costs faced by developers delivering specialist accommodation for older people such as larger communal and non-saleable areas, general higher build costs due to higher specifications, increased marketing costs and a slower return on investment.
25. The HBF would also disagree with the Council's concern in paragraph 8.73 that the development of specialist accommodation for older people, particularly accommodation that starts from 55 years will simply act to exclude younger people and not provide mixed and balanced communities. This consideration seems to ignore the fact that such accommodation allows more people to downsize and thus free up housing for younger

people and families ensuring communities have a wider mix than in some circumstances is currently the case. As such the HBF would not support the proposed change in policy that would require specialist accommodation for ages below 65 to provide further justification to support any application.

Future Engagement

26. I trust that the Council will find these comments useful. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry if that would be helpful. The HBF would like to be kept informed of the progress and adoption of the Local Plan. Please use the contact details provided below for future correspondence.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Behrendt'.

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