

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

18/12/2024

Dear Sir/ Madam

Reading Local Plan

1. Thank you for consulting the Home Builders Federation (HBF) on the to the Reading Local Plan Partial Update (LPU). 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.

New NPPF and transitional arrangements

New NPPF

2. The latest iteration he National Planning policy Framework was adopted on the 12th of December 2024. The transitional arrangements establish that plans that reach regulation 19 to March12 2025 and meeting at least 80% of their housing needs will be examined under the previous version of the framework. However, where plan housing requirement is less than 80% of their local housing needs, as determined using the new Standard Method, the plan will need to be submitted prior to the 12th of March 2025 for it to be considered under the previous version of the framework. On the basis that the housing requirement in this local plan (825 dwellings per annum) is 80.2% of local housing needs then the plan will be considered under the previous NPPF.
3. However, this is based on the assumption that the plan period for the LPU commences in 2023/24. Given that the plan has been prepared on the basis of the standard method with

a base period starting in 2024/25, HBF considers the period over which housing should be planned for should start from 24/25 not 23/24. Given that the Council's housing requirement is capacity constrained this would mean that the annual housing requirement in the plan would fall on the basis of a policy compliant plan period being adopted. Using the latest housing trajectory in the LPU starting the plan in 24/25 would result in a housing requirement of 813 dpa, 79% of local housing needs.

4. It is also notable that the windfall allowance has not been amended to reflect the Council's evidence. The trajectory in Appendix 1 includes a total figure of 2,859 homes from small unidentified sites of less than 10 units yet the Housing and Economic Land Availability Assessment from November 2024 recommends that these sites would deliver 1,534 homes over the plan period. Reducing capacity to reflect the council's evidence would see the housing requirement fall to 751 dpa over the plan period (73% of local housing needs).
5. However, given that the housing requirement in the LPU is a capacity constrained figure, and it is the Council's position that it cannot meet its full housing needs using either the current or proposed standard method, the HBF consider the most appropriate way forward is for the Council to submit under the new NPPF. This would ensure that there is no confusion as to the level of unmet housing needs arising in Reading and avoid the need for the plan to be reviewed in line with paragraph 236 of the new NPPF.

Viability evidence

6. The Council did not publish its viability evidence until the two week prior to the consultation closing and did not extend the consultation period as suggested by the HBF. This gave us insufficient time to properly consider the evidence and as such the HBF reserve the right to comment on the viability evidence through the examination in public.

Duty to Co-operate

7. The Council outline in their Duty to Co-operate Statement that no statements of common ground (SoCG) have been signed but there is an intention to prepare one for each of the three neighbouring planning authorities. It is disappointing that these have not been prepared for this consultation and does not point to a particularly active or ongoing approach to co-operation. SoCGs should not just be one off documents that are prepared prior to submission of the local plan but on-going statements of co-operation that are regularly

updated to indicate progress, or lack of it, with regard to strategic cross boundary issues. These will need to be agreed and signed off prior to submission and HBF reserves the right to comment on these through the examination in public.

8. From the evidence presented it would appear that the Council has engaged with its neighbours on the strategic issue of housing need. However, HBF disagree with the premise of this co-operation that there are unmet needs and there are the exceptional circumstances present to justify the use of alternative method, a point we return to below. Clearly the approach taken by the council has limited the scope of any co-operation and despite the Council writing to neighbouring authorities in August 2024 asking for comments should they choose to use the standard method we are concerned that the engagement has not been effective on this issue.

CC2 Sustainable design and construction

The Policy is unsound as it is not consistent with national policy.

9. This policy will require new housing to achieve net zero. This is defined as a scenario where the quantity of anthropogenic greenhouse gas emissions arising from energy use on an annual basis is zero or negative. The HBF recognise that the Planning and Energy Act 2008 allows Council's to set standards that exceed the energy requirements of building regulations. However, the Written Ministerial Statement from December 2023 requires such policies to be framed on the basis of Building Regulations and use the Target Emission Rate and this need to be reflected in CC2 to ensure consistency with national policy, HBF would recommend that the policy amended to read:

“... to achieve net-zero development as assessed using the Target Emission Rate as specified in the Standard Assessment Procedure. ~~defined as “a scenario in which the quantity of anthropogenic greenhouse gas emissions arising from the development’s operational energy use on an annual basis is zero or negative, and where whole-life emissions are reduced through sustainable design measures.”~~

EN12: Biodiversity

The policy is unsound as not consistent national policy

10. Clause b sets out the statutory requirement to deliver a 10% Biodiversity Net Gain and that this should be applied on the basis of the Biodiversity Hierarchy that is set out in PPG. HBF would therefore question whether the policy is necessary given that is simply reiterating the statutory requirement for BNG. If the policy is to be included, we would suggest the penultimate sentence should be deleted as it is not relevant to the decision maker where offsite provision is delivered. Paragraph 74-008 of PPG is clear that the biodiversity hierarchy includes enhancement of existing habitats on site, creation of new habitats on site, allocation of registered offsite gains and final purchase of credits. The proximity of gains to the site is not necessary for consideration of whether a development has implemented the hierarchy. As the council will be aware the spatial multiplier within the metric already imposes unit penalties the farther the purchased units are from the original development site. As such if development is already incentivised to deliver offsite BNG as close to the development as possible making this sentence an unnecessary additional step.

H1: Provision of Housing

The policy unsound as it is unjustified.

11. The Council are proposing to increase the housing requirements to 825 dpa across the period 2023 to 2041. This requirement is a capacity constrained requirement and is 52 homes short of the 878 dpa arrived at using the standard. The HBF recognises that Reading is a highly constrained with the Council's boundary being drawn close to the urban edge. In setting a housing requirement of 825 dpa the Council would appear to be basing its plan on the 878 dpa arrived at using the standard method the Council claims at paragraph 4.4.3 that the actual need in the area is 735 dpa and there are exceptional circumstances for in Reading that justify using the local assessment need rather than the standard method. HBF do not disagree with the Council's premise the baseline housing need is higher than the standard method without the urban uplift. However, the Council's position for using an alternate method would appear to be based principally on the point that it does not agree with the use of the urban uplift was this results in a housing need figure that is too high.
12. Firstly, it is important to acknowledge that the changes being proposed to the standard method would see local housing needs increase to 1,023 dpa – significantly higher than either the current standard method or the Council's own assessment of needs and an indication as to the level of delivery expected in Reading by the Government. It also gives

an indication as to the level of unmet housing needs that will need to be addressed in neighbouring areas.

13. Secondly, the application of the urban uplift is not meant to be directly related to the needs of Reading. It is applied to increase delivery in urban areas in order to ensure that more homes were built on previously developed land¹ and focus more new development where there are existing infrastructure and services. It was therefore about increase delivery in these areas rather than about meeting the specific needs of those urban areas. Therefore, the HBF would argue that just because identified needs are lower there is no justification for using an alternate method in these specific circumstances and would recommend that paragraph 4.4.3 is deleted as it is unjustified.

Housing supply

14. As to whether the Council's requirement reflects supply capacity over the plan period the HBF cannot comment as it does not promote sites. However, Council must ensure that it has left no stone unturned as to potential sites or whether there is capacity on allocated sites to do more than is being proposed.
15. HBF would also have expected further information to be provided on the expectations for each site in order for all parties to properly consider whether the rate of delivery on each site is justified. It is our experience that where site by site trajectories are not provided, they are asked for by inspectors in order to ensure effective scrutiny of the local plan. For more information on what is expected we would refer the Council to the Preliminary Questions published recently by the inspector examining the Bristol Local Plan. Question 62 and Appendix 1 provide some indication of the detail required. Rather than wait to be asked we would suggest that such a trajectory as part of the evidence supporting the submitted local plan.
16. There also appears to be an inconsistency between the windfall allowance included in the housing trajectory and the council's evidence. Delivery on small scale unidentified sites (commonly referred to as windfall) in housing trajectory in Appendix 1 does not reflect the evidence in the HELAA which recommends at paragraph 4.8 that over the plan period this

¹ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/a6f7879a-da58-45b3-a68d-4176779a93fe>

level of supply will deliver around 1,500 homes. It is not clear why a different figure has been used and the trajectory should be updated to reflect the Council's own evidence.

Plan period

17. Turning to the period over which homes are to be delivered, the Council are proposing to amend this to 2023 to 2041. As set out earlier in our representations the HBF do not consider this to be sound. While the Council are setting a capacity constrained figure this is based on an assessment of housing needs with a base period 2024 to 2034. It is the HBFs' position that the period over which housing needs should be considered should start from the year in which needs are assessed. This approach reflects the fact that the standard method is a forward-looking assessment of housing need that takes into account past under or over delivery through the affordability adjustment. H1 should therefore be amended accordingly. As the Council requirement is constrained by supply this will reduce the total number of homes to be delivered and also the annual requirement. Using the housing trajectory in appendix 1 annual delivery using a sound plan period would be 813 dpa and total delivery reducing to 13,818 home – subject to no further sites being added or capacity on other sites being amended.

H3 Affordable housing

New paragraph 3 in the policy is unsound as it is ineffective.

18. The policy is being amended to include a new clause 3 which requires a viability review of schemes where policy compliance with H3 is not possible. HBF recognise that such policies are consistent with national policy but consider it inappropriate for this to be applied to all development that makes a contribution. The principal, as reconsider the Councils SPD is most applicable to phased development where there can be considerable change over time. As such HBF would suggest that this only be applied to phased development in order to avoid unnecessary viability assessments for development to come forward soon after securing planning permission.

H5: Standards for new Housing

Policy is unsound as it is inconsistent with national policy and unjustified.

Clause b.

19. Clause b would require all new build residential development to achieve water neutrality where possible. This should be deleted. HBF would agree that the lower optional technical standard of 110 l/p/d is justified on the basis that Reading is in a area of water stress, but it is not sound to require development to show that is not possible to go below what is the minimum applicable standard.

Clause c.

20. The proposed policy would require all new development to demonstrate net zero operational carbon onsite by ensuring total average energy use intensity standard for all new dwellings of 35kwh/m²/year and average space heating demand of less than 15-20 kwh/m²/year, with no single dwelling exceeding 60 kwh/m²/year. Where this cannot be achieved the Councils will expect any energy use to be offset through payments to local projects that save the equivalent amount of carbon. This would be calculated using an energy performance modelling considered by the council to accurately predict building performance.
21. Whilst the HBF would agree with the Councils 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 approaches 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.
22. However, if the Councils 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 and gives consideration as to how the requirements are consistent with the written ministerial statement (WMS) published on the 13th of December 2023. Before considering the content of the WMS itself it is important to note the High Court judgement from the 2nd of July 2024 ([2024]EWHC 1693 Admin). This judgement was on the challenge to the WMS made by Rights Community Action on three grounds, including that the WMS restricted exercise by local authorities of powers conferred on them.

23. The judgment made by Justice Lieven was that the claim failed on all three grounds. In coming to these judgements Justice Lieven importantly notes the intention of the Government at the time with respect to section 1(1)c of the Planning and Energy Act 2008, which allowed Local Authorities to set standards above those in building regulations. Paragraph 65 states:

“With respect to the current section 1(1)(c) specifically, the Minister confirmed councils “can go further and faster than building regulations, but within the national framework”. The Minister also addressed the overall intention of clause 1(2) in the following terms:

“The intention was for local authorities, in setting energy efficiency standards, to choose only those standards that have been set out or referred to in regulations made by the Secretary of State, or which are set out or endorsed in national policies or guidance issued by the Secretary of State. That approach was taken with a view to avoiding the fragmentation of building standards, which could lead to different standards applying in different areas of the country. Although supportive of the hon. Gentleman’s Bill, that was not an outcome that we wanted to achieve.””

24. It is therefore clear that the intention of the original legislation was to ensure that energy efficiency standards within local plans were to be set within the scope of building regulation to avoid a multiplicity of standard coming forward. The judgment goes on to note in paragraph 66 that the WMS does not stray from this purpose. Not only is the WMS compliant with legislation but also with the intention of the Planning and Environment Act 2008 which was to ensure that any policies seeking improved standards on those set out in Building Regulations must be set within the framework of those regulations. As such local plan policies which seek to apply an alternative standard would not only be inconsistent with the WMS but also with the intentions of the legislation.
25. Moving to the WMS itself, 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”. After noting these concerns, 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).

26. HBF do not consider the approach set out in H5 to be consistent with the WMS nor that the implications of such a policy have been properly assessed in the supporting evidence base. Our detailed points are set out below.

27. The approach proposed by the Councils 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 in the policy position paper 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 set out in building regulations they must be expressed as a percentage of the target emission rate and not as an energy use target in order to avoid fragmentation of the standards with different requirements being set in different areas which it must be recognised was not only an expectation of the WMS but also of the legislation that permits council to adopt higher standards in local plan in the first place. As such the HBF do not consider the council to be justified in departing from either the WMS or the Planning and Energy Act (2008) and the section of the policy under the heading "*All New Residential Development*" and paragraph 4.27 and 4.28 should be deleted.

28. While HBF do not consider the policy to be consistent with national policy we are also concerned that the Councils has not considered the impact on viability, or the deliverability of development given that no viability assessment has been included in the evidence base. Without this evidence it is not possible for the council to introduce these as it has no understanding of the impact on development in Reading. The Council will need to ensure the costs and deliverability of this policy are fully and robustly tested. In preparing its viability assessment HBF suggest the Council consider costs published by the Future Homes Hub (FHH) as part of their work to support and inform the implementation of the Future Homes

Standard. The costs for similar standards to those being proposed can be found in the FHH report '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 Councils.

29. The various specifications and costs considered are summarised in Figure 8 of Ready for Zero 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 15-19% higher than the 2021 Building Regs, around £17,000 to £22,000 more per unit. This level of additional cost will have an impact on the viability of development in Reading and will not to be properly assessed by the council.
30. With regard to deliverability of zero carbon homes HBF would not disagree that the proposed standards are technically feasible. However, HBF are concerned as to the impact these requirements will have on the rates at which sites can deliver new homes on all types of sites. Given that the standards proposed are higher than those proposed by Government in the Future Homes Standard and will require higher levels of fabric efficiency, which in turn will require new skills and materials that may not be readily available, HBF are concerned this could slow delivery in the short to medium term as supply chains are developed.
31. It has been recognised by the FHH that to deliver higher standards will require phased transitional arrangements to enable a steady build-up of 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 Councils are proposing that this would "... *create a high risk of quality problems, inflated costs and, potentially, stalled build programmes.*" However, HBF could find no evidence that the Council has considered whether its proposed standard will impact on the rate at which new homes can be built. The Council will need to speak directly to a range of housebuilders operating in Reading to understand the impact of its policy on the rate at which homes will be delivered on its allocated sites. Without any consideration of delivery then the Council's decision to go beyond what is required by building regulations is clearly unjustified
32. While HBF understands the desire for LPAs to go further it must be recognised that current policy outlines that even where development can viably implement higher standards this must be within a consistent technical framework and approach to assessing building

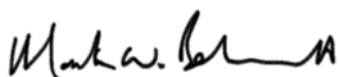
performance against those technical standards. Indeed, this has long been the case in planning policy with paragraph 159b of the NPPF stating that “*Any local requirements for the sustainability of buildings should reflect the Government’s policy for national technical standards*”.

33. If the Councils have the evidence to show that the policy is deliverable, they will need to ensure that all other policies in the local plan are consistent with delivering the levels of embodied carbon being proposed. The most energy efficient design will inevitably lead to less variety in the built form in order to reduce the surface area of the building. This will need to be reflected in design policies and any design codes that are produced to ensure that development is not refused for seeking to meet energy efficiency standards but, for example, not being designed in the character of the local area.
34. HBF also note that where net zero cannot be achieved for technical reasons the council will require applicants to provide offsite renewable energy, provide a payment of between £5,000 and £15,000 per dwelling to the council demonstrate a building will be connect to a heat network or demonstrate compliance with Passivhaus plus. With regard to the payment, it is not clear from the local pan or evidence base how the council will use this offset any carbon emissions and how this is directly and fairly related to the scale of the development. Without the necessary evidence it should be deleted.

Conclusion

35. At present we do not consider the plan to be sound, as measured against the tests of soundness set out in the NPPF. I can therefore confirm that the HBF would like to participate in any hearing sessions held at the examination in public on the matters raised in our representations and that we would like to be kept informed of the submission and examination of the local plan.

Yours faithfully



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