

## **Government Statement of 16 July on Definition of Zero Carbon Homes, Eco-Towns and Planning Policy**

Following the consultation held earlier this year, Housing Minister John Healey made a written statement to Parliament on 16 July setting out the Government's view on the definition of zero carbon homes that should apply from 2016. The statement also contains the Government's decisions on advancing the eco-towns programme and announces a review of planning policy relating to climate change and renewable energy.

This note summarises and comments on the main points in the statement. The full statement can be read via the following link:

<http://www.communities.gov.uk/statements/corporate/ecozerohomes>

### **Definition of zero carbon homes**

The statement confirms that a zero carbon standard for new homes will be introduced from 2016.

It also confirms that the zero carbon standard will comprise a three part "energy hierarchy" giving top priority to improvements in building fabric efficiency, followed by an element of on-site renewable energy supply and off-site "allowable solutions" – in line with the broad thrust of the proposals that were consulted upon.

Much of the detail to underpin this hierarchy still has to be worked out, but the statement includes the following key points:

- The Government accepts that there is not an appropriate established energy efficiency standard for the purposes of future building regulations and will set up a specialist task group to "examine the energy efficiency metrics and standards which will realise our ambition of the highest practical energy efficiency level realisable in all dwelling types" (this objective refers to the requirements for Part L in 2013 and beyond). The aim is for the group to report to Ministers in the autumn ahead of a decision by the end of 2009. This is an important recognition of HBF arguments that future regulatory requirements on energy efficiency should be practically attainable based on a proper evidence base of industry knowledge.

- An “as ambitious as possible [level] for on-site carbon mitigation, while being technically achievable” of a 70% improvement on Part L 2006 requirements. This will be kept under review in the light of technical changes, including to the Standard Assessment Procedure. While HBF has argued that there should not be a requirement for on-site measures to deliver more than a 44% improvement on Part L 2006, the commitment to keep technical issues under review reflects the case we have made that there remains much work to do to establish what is technically and commercially achievable on-site. This will remain an important area of activity for us.
- The new financial incentives for smaller scale renewable energy facilities – the Feed-in Tariff for electricity (referred to in the document as “Clean Energy Cash Back”) and the Renewable Heat Incentive will be available for on-site renewables in zero carbon homes “potentially reducing the net costs faced by developers”. HBF has argued strongly for such incentives to be made available for new homes as well for the existing housing stock and local communities. The Minister’s statement is therefore potentially an important step forward on this issue. The details of how this arrangement might work have not, however, been explained in the statement. A separate Government consultation on Renewable Electricity Financial Incentives, including the Feed-in Tariff, has been published this week and we will be discussing this with members in order to submit views to Government on how best the availability of such incentives could assist home builders.
- Confirms a number of possible “allowable solutions” for off-site measures, and suggests that a cost cap of £100 per tonne of carbon dioxide would be appropriate for these “reflecting the cost of off-site renewable electricity”. Other allowable solutions remain under consideration. An important objective for HBF will be to add to the existing options and ideally seek simple mechanisms which do not subject home builders to additional regulatory risk through the planning system.
- Directly recognises HBF’s argument that pursuit of the zero carbon objective must be considered in the context of the wider impact of regulation on housing delivery. The Minister says, “In making the announcement today, I am making clear the priority the Government attaches to tackling climate change over other potential demands on land values. We will examine the cumulative impact and costs of our existing regulatory policies and proposals that potentially affect land value including current implementation plans in the round in the context of the PBR [Pre-Budget Report] work, taking the zero carbon policy into account.” This is a very significant statement and a clear public recognition of our case that current demands on land values are unsustainable. The need for Government to determine its priorities in this regard was a point we made strongly in our response to the zero carbon definition consultation.

- Confirms funding for innovative new build research through the Technology Strategy Board. Under the Board's Low Impact Buildings Innovation Platform, a further total £50 million is now earmarked for allocation to research relevant to new build by 2011.

Overall the Minister's statement marks a significant evolution in Government thinking since the initial formulation of the zero carbon policy in early 2007 – which envisaged both regulated emissions and currently unregulated emissions from appliances being met almost entirely from on-site measures (the standard currently set for Code for Sustainable Homes Level 6 energy requirements and the stamp duty exemption for zero carbon homes) and made no allowance for technical or commercial constraints on what developers could deliver. While there are clearly issues which remain of concern, we are closer to a prospectively workable policy today than we have been at any point previously. This is testimony to the valuable work that many in the industry have undertaken to inform HBF's representations and more recently through the Zero Carbon Hub.

### **Eco-towns**

The statement announces the first four locations for eco-towns – Whitehill-Bordon (Hampshire), St Austell (Cornwall), Rackheath (Norfolk) and NW Bicester (Oxfordshire). These schemes – which are either led or supported by the relevant local authorities – will now be considered through the local plan process.

The Minister has also published a new Eco Town Planning Policy Statement (PPS) setting out the standards required of eco-towns and announced that the first four schemes would be eligible to share a special £60 million Growth Fund to support local infrastructure. The PPS can be downloaded via the following link:

<http://www.communities.gov.uk/publications/planningandbuilding/pps-ecotowns>

### **Planning policy**

The Minister has announced that the existing Planning Policy Statements on Climate Change and Renewable Energy will be reviewed and combined. There will be a consultation on proposals later in 2009.

HBF will be involved in these discussions and will update members on the process when more details are available.

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