



Sent by EMAIL ONLY to localplan@rugby.gov.uk

31/1/2024

Dear Sir/ Madam

### **Response by the Home Builders Federation to the Rugby Local Plan Review Issues and Options Consultation**

1. Please find below the Home Builders Federation (HBF) response to the Rugby Local Plan Review Issues and Options Consultation. 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.
2. HBF have not responded to every consultation question only those of relevance to our members.

#### **SECTION 3. LAND FOR EMPLOYMENT USES**

- 1. How much employment land should we be planning for?*
  - 2. What type of employment land should we be planning for?*
  - 3. Please provide any comments you have on the suitability of any of the broad locations listed above (or another location we have missed).*
  - 4. How can we provide more space to allow existing businesses to expand?*
  - 5. We are minded to allocate sites specifically for industrial (B2) and light industrial (E(g)(iii)) uses. Do you support this and if so, where?*
  - 6. Are there exceptional circumstances that mean we should amend Green Belt boundaries to meet the need for employment land?*
3. HBF would suggest that the Council should also consider the interaction between employment and housing. An increase in the number of jobs can it itself generate a requirement for additional housing. It may be that a higher housing figure is needed for economic reasons and a higher housing number is also needed for housing delivery reasons.
  4. HBF note the current housing crisis and the inability of the wider West Midlands Region (Birmingham and the Black Country) to meet its housing needs. We also note the pro-growth agenda of the Council. All of this underlines the importance of

ensuring the housing and employment need of Rugby are met. They must be addressed in full.

## **SECTION 7. CLIMATE CHANGE POLICIES**

*21. Should we adopt a minimum tree canopy policy for new development?*

5. HBF suggest that any tree canopy policy would need to be robustly evidenced and justified and clearly set out how it links into other climate change and BNG policies. Any potential requirements would also need form part of the whole plan viability testing.

*22. Should we identify priority locations or allocate sites for biodiversity net gain for sites which are unable to provide all the net gain on site and, if so, where?*

*23. Would you support the creation of additional country parks as part of delivering biodiversity net gain?*

*24. Should we require developers to prioritise the delivery of biodiversity gain within close proximity to the development?*

6. In light of the new DEFRA guidance and the BNG PPG, the Council will need to ensure that it's BNG policies properly and fully reflect all the new legislation, national policy and guidance.
7. HBF has been involved in a significant amount of work, being led by the Future Homes Hub, on BNG preparedness for some time and note the draft Planning Practice guidance from DLUHC and the Draft DEFRA BNG Guidance has been released during your consultation period.
8. Currently the BNG PPG has been published in draft form to allow for "familiarisation" and as such some details may change between now and the implementation date of 12<sup>th</sup> Feb 2024. Similarly, HBF understand the DEFRA Guidance is still being refined before the implementation date, and indeed may be further refined once mandatory BNG is working in practice, to reflect any early lessons learnt.
9. HBF note that there is a lot of new information for the Council to work though and consider the implications of, in order to ensure that any policy on Biodiversity Net Gain policy so that it complies with the latest policy and guidance as it is finalised. It should also be noted that the PPG is clear that there is no need for individual Local Plans to repeat national BNG guidance.
10. It is the HBF's opinion that the Council should not deviate from the Government's requirement for 10% biodiversity net gain as set out in the Environment Act. There are significant additional costs associated with biodiversity gain, which should be fully accounted for in the Council's viability assessment. It is important that BNG does not prevent, delay or reduce housing delivery. Although the national policies requiring 10% BNG cannot be subject to site specific viability discussion, any policy requirements over 10% can be. Any policy seeking more than 10% BNG needs to reflect this position and be subject to robust viability testing.

11. It is also important to note that large and complex sites where the development is phased, the guidance is clear that the 10% must be delivered at the end of the development, and this may not result in 10% BNG on each phase. Additional advice on phased development is still awaited.
12. HBF also suggest particular care is needed in terminology to ensure the BNG policy reflects the national policy and guidance. For example, on-site and off-site biodiversity is referred to as units, and the statutory national credit system of last resort is referred to as credit. Similarly, it will be important to differentiate between the mitigation hierarchy, which seeks to avoid harm and then mitigate it in relation to protected habitats and the BNG hierarchy which prioritises on-site BNG delivery, then off-site units and finally allows for statutory credits. National BNG policy allows for all three of these options, and therefore the Plan should also reference statutory credits.
13. The costs of BNG must also be considered as part of the whole plan viability assessment and should be specified as a single specific item, not combined into a generic s106 costs item. There are significant additional costs associated with biodiversity net gain, which should be fully accounted for in the Council's viability assessment, some of which are unknown at this time. It is important that BNG does not prevent, delay or reduce housing delivery. As this is an emerging policy area and the market for off-site provision, and statutory credits are not yet known, any figure used for BNG costs will need to be kept under review as BNG implementation progresses and a greater understanding of actual costs become available. The Whole Plan Viability Assessment should clearly set out how it considered the implications of mandatory BNG and how it was arrived at using the most up to date BNG costs information available.
14. HBF suggest that there will also be a need for the Rugby Local Plan and supporting text to talk about Local Nature Recovery Strategies, especially as Warwickshire has been a leading pilot in the area of BNG policy. As the LNRS emerges it will be important for this Local Plan to be kept under review and further public consultation on the interaction between the two documents and/or changes to Local Plan policy to reflect the LNRS may be needed.
15. HBF would encourage the Council to ensure the Local Plan fully considers and evidence how BNG has formed part of the site selection process. This should include understanding the BNG requirement, including undertaking an assessment of the baseline to support the allocation. It will be important to understand the BNG costs and viability for the site and considering how this may impact other policy requirements such as affordable housing, other s106 or CIL contributions.
16. HBF also notes that there seems to be significant potential for confusion around environmental hierarchy, and suggest particular care is needed to avoid any confusion between the well-established mitigation hierarchy and the new BNG hierarchy. There is need for the policy wording and/or supporting text to be clearer about the differentiation between the mitigation hierarchy (which seeks to avoid harm in the first place, then mitigate and only then compensate it in relation to protected habitats) and the BNG hierarchy (which prioritises on-site BNG delivery, then off-site units and finally allows for statutory credits). There seems to be significant potential for confusion between the two difference hierarchies. HBF therefore suggest that the Rugby Plan should do all it can to explain how the two hierarchies work in different

ways and that they seek to achieve different aims. We would suggest the use of the term “BNG spatial hierarchy” may help with this issue.

17. Reference could also usefully be made within the Plan to the small sites metric. This is intended to be a less complex statutory metric that can be used to set out how 10% BNG will be secured on small sites. It can only be used for on-site BNG delivery. The national mandatory 10% BNG policy will apply to small sites from April 2024.

18. HBF is supportive of the need to address the nature crisis and cognisant of the important role that house builders can play. This however must be proportionate, reasonable and not serve as a block on housing delivery, for these reasons HBF support the 10% mandatory Biodiversity Net Gain but is concerned that policies which seek to go further and faster than National Guidance will result in different LPAs taking different approaches to delivery and policy that could add unnecessary complexity to the policy landscape and serve to undermine the emerging BNG local markets.

*25. We are considering requiring all new residential developments to be net zero. Do you agree?*

19. Although the HBF is very supportive of the role that Local Plans can play in helping to address and mitigate the impact of climate change, we do not support the need for any policies on energy efficiency within Local Plans, as this issue is already addressed nationally through Building Regulations.

20. HBF supports the Government’s intention to set standards for energy efficiency through the Building Regulations. The key to success is standardisation and the avoidance of individual Council’s specifying their own policy approach to energy efficiency, which undermines economies of scale for product manufacturers, suppliers and developers. Councils do not need to set local energy efficiency standards, or a requirement for zero carbon homes, in a Local Plan policy because of the higher levels of energy efficiency standards for new homes set out in the 2021 Part L Interim Uplift and proposals for the 2025 Future Homes Standard, which are currently out for consultation. This consultation started on Dec 13th 2023 and closes in 6 March 2024. The consultation documents can be found online at <https://www.gov.uk/government/consultations/the-future-homes-and-buildings-standards-2023-consultation>

21. HBF would therefore caution against policies that seek to go further and faster than national legislation and policy changes, which would lead to the creation of a patchwork of differing local policies which could inadvertently undermine the delivery of the wider environmental objectives the Council is seeking and create unnecessary delays to much needed new housing.

22. HBF would highlight the latest publication ‘Future Homes, One Plan Building a generation of high quality, affordable and sustainable homes and communities, together’ [https://irp.cdn-website.com/bdbb2d99/files/uploaded/Future%20Homes%20One%20Plan\\_Future%20Homes%20One%20Plan.pdf](https://irp.cdn-website.com/bdbb2d99/files/uploaded/Future%20Homes%20One%20Plan_Future%20Homes%20One%20Plan.pdf)

[20Homes%20Hub%20Prospectus-%20FINAL%20WEB.pdf](#) This was published in Nov 2023 and highlights what actions are needed to support the delivery of sustainable homes.

23. In particular HBF, would highlight 'Issue 9. The Partnership Imperative' on page 15 which states in the Local Government section that "Local planning requirements must align with the overall plan for improving performance standards at national level. For example, avoiding divergence of local energy standards that make it harder to accelerate improvement in standards at national level, and avoiding conflict between local planning conditions and new requirements of building regulations."

24. The government has also recently provided further advice for local authorities through the Written Ministerial Statement which says "the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale." See <https://questions-statements.parliament.uk/written-statements/detail/2023-12-13/HCWS123>

*27. Are there other climate change policies we should be introducing?*

25. Although the HBF is very supportive of the role that Local Plans can play in helping to address and mitigate the impact of climate change., HBF is very concerned about the proliferation of climate change and energy policies that are being suggested in some emerging Local Plans. HBF would caution against policies that seek to go further and faster than national policy changes that result in patchwork of differing local standards.

26. There is simply no need for Local Plans to include policies on matters already adequately addressed through Building Regulations, other consenting regimes and other regulations. Doing so creates confusion, duplication, misunderstandings, misalignments and sometime full out policy conflicts, which do nothing to help secure the environmental benefits that communities and developers are seeking to achieve.

27. For example, HBF note that the current Part G Building Regulations requires developments to compliance with a limit of 125 litres per day. House builders are frequently delivering 115-110 litres per day which means the house building industry is already improving upon the regulations. There is therefore no need for a water efficiency policy in a Local Plan.

28. Similarly, HBF is concerned about any policies which mandate connections to district heating networks. Heat networks are one aspect of the path towards decarbonising heat, however, currently the predominant technology for district-sized communal heating networks is gas combined heat and power (CHP) plants. Over 90% of district networks are gas fired.

29. As 2050 approaches, meeting the Government's climate target of reducing greenhouse gas emissions to net zero will require a transition from gas-fired networks to renewable or low carbon alternatives such as large heat pumps,

hydrogen or waste-heat recovery but at the moment one of the major reasons why heat network projects do not install such technologies is because of the up-front capital cost.

30. The Council should be aware that for the foreseeable future it will remain uneconomic for most heat networks to install low-carbon technologies. This may mean that it is more sustainable and more appropriate for developments to utilise other forms of energy provision, and this may need to be considered. If the policy were to be pursued HBF considers any such requirement must be implemented on a flexible basis.
31. The Government consultation on Heat Network Zoning also identifies exemptions to proposals for requirements for connections to a heat network these include where a connection may lead to sub-optimal outcomes, or distance from the network connection points and impacts on consumers bills and affordability.
32. Furthermore, some heat network consumers do not have comparable levels of satisfaction as consumers on gas and electricity networks, and they pay a higher price. Currently, there are no sector specific protections for heat network consumers, unlike for people on other utilities such as gas, electricity or water. A consumer living in a building serviced by a heat network does not have the same opportunities to switch supplier as they would for most gas and electricity supplies.

## **SECTION 8. DESIGN CODING AND GUIDANCE**

29. Should we produce design codes as part of our new local plan?
30. Which areas should design codes cover?
  - (a) Borough-wide
  - (b) Borough-wide divided into character areas (for examples Rugby town centre, interwar suburb, Victorian terrace, village core)
  - (c) only for some neighbourhoods (please specify which),
  - (d) only for large new development sites
  - (e) other (please specify)
33. HBF would encourage the Council to work in partnership with the development on the production of any Design Codes. Where such codes are developed collaboratively, they can be very helpful in steering and guiding developments, providing certainty for developers and communities. However, they should not be imposed unilaterally.
34. The most appropriate scale for any Design Code or Guidance is therefore likely to depend on the size, scale and type of development it is being applied to. A Site-Wide Masterplan prepared in conjunction with a site allocation would need to be different from a Design Brief for a city centre regeneration opportunity, or a small-scale development in a village.

## **SECTION 9. LAND FOR HOUSEBUILDING**

31. *How many homes should we be planning for?*
  - (a) *Minimum local housing need*

*(b) The HEDNA 2022 need*

*(c) Other (please specify)*

35. In light of the current housing crisis, HBF request that the Council proactively plan for both all the housing needs of Rugby Borough, and also do as much as it can to help to meet the unmet housing needs of the wider West Midlands region.
36. HBF would remind the Council recognises the standard method is only the starting for arriving at the housing requirement for the Rugby Local Plan. There is therefore also the need to fully consider all of the issues that may result in a need for a higher housing requirement, including the need to provide a range and choice of sites, the need for flexibility, viability considerations and whether higher levels of open-market housing are required in order to secure the delivery of affordable housing and/or support economic growth.
37. HBF would encourage the Council to plan for as much housing as possible, HBF notes that NPPF requires Council's to begin with the assessment of housing need using the standard method. The resulting level is however only a minimum. HBF would support the Council's ambition to plan for more houses to meet economic growth aspirations, ensure sufficient delivery of affordable housing in a viable way and to ensure a range of sites are available to provide choice in the market.
38. HBF also strongly welcomes Rugby's recognition of the potential it could play in meeting unmet need of neighbouring authorities. Ongoing engagement with neighbouring authorities will be important to ensure any unmet need is quantified. It is important that the amount of housing identified by the neighbouring authorities is realistic and deliverable to ensure the resulting unmet need is accurate.
39. It will also be important to understand if there are any geographically specific that need to be taken into account. For example, whether higher levels of open-market housing are required in particular areas for order to secure increased delivery of affordable housing in that location in a way that remains viable, or the implications resulting from brownfield city centre sites tending to be most suited for apartments or retirement living. This could therefore mean there is a a need to include green fields allocations which are more likely to deliver family housing and a higher percentage of affordable housing, in order to provide flexibility in the housing land supply and ensure a range of housing types and tenures is provided.
40. HBF would support more housing than the both the standard method housing requirement of 506, and the Coventry and Warwickshire HEDNA figures or 735. HBF believe the Rugby Local Plan housing requirement should be higher in order to support economic growth, provide a range and type of sites and to support small and medium house builders. There is a need to provide a range and choice of sites, a need for flexibility and viability considerations to be taken into account and a need for the Council to consider whether higher levels of open-market housing are required in order to secure the delivery of affordable housing and/or support economic growth. The Council needs to fully consider each of these factors both on their own, and in combination, to see if additional housing is required.

41. HBF is aware of the challenges that Coventry have faced when seeking to calculate their housing need using the standard method, as the concerns about the 2014 population projection are longstanding. However, HBF have objected to the proposed approach that Coventry is now taking in relation to its housing need, in particular its failure to apply the urban uplift that is required by national policy. As such HBF are concerned that there remains an unmet need generated from within Coventry and that the neighbouring authorities should be looking to meet some of this need through their Local Plans.
42. If Coventry were to use the standard method to calculate its housing requirement there is a resulting unmet need. If, Coventry use the standard method approach, including the urban uplift, but do not rely on the 2014 figures that are in controversy, there would still be an unmet housing need, though it is likely to be for a smaller amount. It would therefore seem prudent for Rugby's Plan to allow for some of Coventry's unmet need to be addressed within Rugby and include policies in the Plan that would enable this. HBF suggest this should be planned for and monitored separately and distinctly from Rugby meeting its own housing needs.
- 33. Please provide any comments you have on the suitability of any of the broad locations listed above for new housing. Are there any locations that we have missed?*
43. HBF does not comment on individual sites, other than to say the Plan should provide for a wide range of deliverable and developable sites across the area in order to provide competition and choice and a buffer to ensure that housing needs are met in full.
44. The Spatial Strategy of the Plan should also recognise that there may be clusters of villages that provide a range of services for that area within reasonable travelling distance of each other, so villages may need to be grouped together. These areas might be able to sustainably support a substantial level of development but may not have all the services within one particular village. The site selection methodology needs to recognise this reality.
45. Similarly, the Local Plan will also need to recognise that settlements that currently do not have services could expand to include those services if new development is allocated in those areas. Any list of village services should not be used as a basis for only locating development close to existing services rather identifying where services could be improved through new development. There is a real danger that any such criteria could be used negatively to become a way of preventing development in certain communities rather than promoting improved villages and neighbourhoods. Again, the site selection methodology needs to reflect this position.
46. HBF also notes that paragraph 69 of the NPPF states that LPAs should identify land to accommodate at least 10% of their housing requirement on sites no larger than one hectare. Allocation of small sites can increase certainty for developers and help increase the health of the SME sector. The Council should allocate sustainably located small sites to help provide certainty for SMEs.
47. 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 without 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 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.

48. If the Councils are to ensure there is a wide variety of SME house builders operating in their administrative areas, and the benefits it brings to the speed of delivery and variety of homes, they must ensure that there is a variety of sites. This is why the Government, through the NPPF, now requires local authorities to allocate sites of varying sizes and why the HBF advocates for the allocation of more small sites in local plans.
49. It also will be important for the Plan's policies and evidence base to set out how the plan will deliver 10% of homes on sites of less than one hectare, as required by paragraph 69 of the NPPF. The HBF would advocate that a higher percentage of small sites are allocated if possible. Such sites are important for encouraging the growth in SME housebuilders who will tend to develop these sites but rarely see the benefits that arise from the allocation of sites in a local plan. 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%.

*34. Do you support a requirement for all new dwellings to meet the additional Building Regulations standard for accessible and adaptable dwellings and for at least ten percent of dwellings to be suitable for wheelchair users?*

50. HBF would also question whether any reference to M4(2) of the Building Regulations is needed within the Local Plan because the requirements to meet Part M4(2) will be superseded by changes to residential Building Regulations. The Government response to 'Raising accessibility standards for new homes' states that the Government proposes to mandate the current M4(2) requirement in Building Regulations as a minimum for all new homes, with M4(1) applying in exceptional circumstances. This will be subject to a further consultation on the technical details and will be implemented in due course through the Building Regulations.
51. The Council should also be aware of the challenges of delivering wheelchair adaptable and/or accessible housing. Delivery of the M4(3)b standard is considerably more expensive than the M4(3)a and M4(3)b can only be required where the Council has nomination rights. Any policy in this area would need to be subject to robust viability testing.

*35. Please provide any other comments you have on the type and size of new homes we need.*

52. HBF would support the allocation of sites for specialist housing within the Plan. The Plan should provide certainty and the allocation of sites helps to de-risk the provision

of such schemes. It should be noted that the viability of older persons housing schemes is impacted by the need to provide communal space, and as such HBF advocate for the specific consideration of this type of scheme within the whole plan viability assessment. HBF suggest the Council liaise directly with developers and providers of older person housing schemes, especially in light of the diverse range of products now available, to fully understand all the issues involved in delivering this type of housing.

53. In relation to self and custom-build housing HBF considers that a policy which encourages self and custom-build development and sets out where it will be supported in principle would be appropriate. We do not support the requirement for a percentage of housing on allocated site to be provided as self-built plots.

#### **SECTION 10. OTHER TOPICS**

*36. Are there any other issues or policies (not covered by the questions above) that we should cover in the new plan?*

54. HBF would encourage the Council to ensure it is doing all it can to support house builders, including SMEs, by ensuring the Plan provided certainty on the Council's expectations for new development. Policy requirements will need to be robustly tested to ensure viability.

#### **Future Engagement**

55. I trust that the Council will find these comments useful as it continues to progress its Local Plan. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.
56. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours faithfully

[Redacted signature]

[Redacted name]  
[Redacted address]

Home Builders Federation

Email: [Redacted]

Phone: [Redacted]