

# NET ZERO CARBON DEVELOPMENT PLAN DOCUMENT - REGULATION 18 REPRESENTATIONS

On behalf of Taylor Wimpey

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Net Zero Carbon  
Development Plan  
Document - Regulation  
18 Representations  
2  
13 September 2021

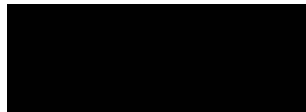
## REPORT

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# 1 INTRODUCTION

- 1.1 RPS has prepared these representations on behalf of Taylor Wimpey to the Regulation 18 consultation being undertaken by Warwick District Council (the Council) on their draft Net Zero Carbon Development Plan Document (the DPD).
- 1.2 Taylor Wimpey has a strong track record of developing much needed new homes within Warwick District and the wider West Midlands.
- 1.3 Taylor Wimpey is supportive in principle of the Council's ambition to achieve net zero carbon emissions from new development, however they have concerns with the approach proposed in the DPD which are set out in these representations.

## 2 POLICY NZC2(A) MAKING BUILDINGS ENERGY EFFICIENT

- 2.1 Policy NZC2(A) requires that developments demonstrate 75% improved energy efficiency in design and operation over and above the 2013 building regulations standards. Assuming the DPD is adopted in quarter 4 of 2022 as per the anticipated timetable for the adoption of the Climate Change and Sustainable Buildings DPD referred to in the Council's current Local Development Scheme, this would be an enhanced standard above and beyond the Government's current proposals to introduce the Future Homes Standard, which seeks to achieve the same 75% betterment, in 2025. It would exceed the 31% betterment being proposed by forthcoming changes to Part L, which RPS understand are expected to be implemented in June 2022. It is noted that the Planning and Energy Act 2008 allows local planning authorities to set local energy efficiency standards that exceed national requirements.
- 2.2 No evidence is provided setting out local circumstances that justify an enhanced standard being applied within the District. The national approach has been carefully considered with the timetable set recognising that a faster implementation could risk housing delivery. The immaturity of the supply chain for systems such as air and ground source heat pumps that can improve energy efficiency means that there is currently an inadequate supply of such technologies that will be required to achieve the proposed 75% reduction. There is also the need to reinforce the electricity networks to accommodate the additional loads that the usage of such technologies will generate, alongside increased demand for electricity arising from the installation of electric vehicle charging points, which are already required under policy TR1 of the Council's adopted Local Plan. Improvements in the supply chain and the reinforcement of the electricity network will take time and until these changes occur the proposed policy risks delaying the delivery of much needed new homes.
- 2.3 Paragraph 31 of the NPPF states:
- "The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals."*
- 2.4 **RPS contend that policy NZC2(A) is currently not justified as appropriate evidence to support an accelerated timescale for the implementation of enhanced energy efficiency measures has not been provided.**
- 2.5 The only justification given for an enhanced standard is set out at paragraph 6.3 of the DPD which states that Warwick District can demonstrate levels of development viability that can accommodate energy efficiency measures that go beyond the proposed changes to Part L. This is not consistent with the findings of the Viability Study prepared by BNP Paribas Real Estate published alongside the DPD.

- 2.6 Paragraph 5.8 of the Viability Study refers to policies NZC1 – NZC5. This isn't consistent with the referencing of the policies set out on the DPD; however section 2.57 of the Viability Study indicates that the references in the Viability Study map to those in the DPD as follows:
- NZC1 – NZC1
  - NZC2 – NZC2(A)
  - NZC3 – NZC2(B)
  - NZC4 – NZC2(C)
  - NZC5 – NZC2(D)
- 2.7 The Viability Study indicates that achieving net zero as proposed by policies NZC1, NZC2(A) and NZC2(B), while also achieving 40% affordable housing, as required by existing local plan policies, is not viable at lower sales values and higher land values for any of the typologies tested that are required to deliver affordable housing.
- 2.8 As shown on pages 32 to 40 of the viability study, large housing schemes delivering net zero and 40% affordable housing only become viable on higher value greenfield sites at the middle sales value tested. Furthermore, the largest housing schemes tested, consisting of 125 units only become viable on land with the highest benchmark land value at the highest sales value tested, while 75 unit housing schemes are never viable on the highest benchmark land value. For large schemes of flats the position is even worse as they are not viable even with the highest sales value and lowest benchmark land value.
- 2.9 This shows that in many parts of the District large housing schemes are not viable with the proposed policy requirements, while large schemes of flats are not viable at all. It is noted that hotel and commercial developments are viable at the lowest sales values and on the highest land values, and that it could be argued therefore that an overall majority of the development typologies tested are viable. However, to do so would fail to recognise the distinction between dwellings and other forms of development which are not required to make affordable housing contributions.
- 2.10 Notably only 69 of the 216 combinations of typologies, land values and sales values tested for residential sites that would be expected to make affordable housing contributions (i.e., typologies 3,4,5,7,8, and 9) would be viable at 40% affordable housing and delivering net zero.
- 2.11 On this basis **the proposed policy requirement is not viable for over two thirds of the tested residential development combinations in conjunction with the current affordable housing requirement. RPS therefore recommend that consideration is given to either seeking a lower improvement in terms of energy efficiency, a lower affordable housing requirement, or a lower Community Infrastructure Levy (CIL) rate.**
- 2.12 RPS note that even if the timescales for the Council's proposal to achieve operational net zero was relaxed to align with the Government's proposed introduction of the Future Homes Standard in 2025, that it will still be necessary for developments to achieve the Future Homes Standard when it is

introduced. Albeit that delaying the introduction of the higher standard would allow for a longer period during which the forthcoming increase in costs associated with the higher standard could be 'priced in' by landowners and developers, as well as allowing for improvements to the supply chain for relevant technologies and reinforcement of the electricity network.

- 2.13 RPS also note that no assessment has been undertaken to understand the potential implications for housing land supply. **The Council should provide evidence to indicate the proportion of its Housing Land Supply within each value area assumed for each typology so that the impact of the proposed policies on housing land supply can be assessed.**
- 2.14 RPS also note that housing affordability is a particular issue within the District, with a ratio of median house prices to median workplace earnings of 9.10 which is above the average for England of 7.8. As such RPS anticipate that the Council would be reluctant to reduce the current affordable housing requirement in the Local Plan.
- 2.15 However, RPS note that a CIL is in place for Warwick District with a number of different rates in place for various residential zones ranging from £76.93 per sqm to £214.31 per sqm for general residential development. Lower rates of between £0 per sqm and £60.45 per sqm are set for several identified Local Plan Housing Sites that exceed 300 dwellings. **RPS recommend that the CIL rates are reviewed in parallel with the preparation of the DPD and set at a level that ensures that development is viable while meeting the proposed policy requirements.**
- 2.16 RPS also note that the lower CIL rates for schemes that exceed 300 dwellings suggest such schemes are less viable than smaller developments. This is a reasonable assumption, on the basis that larger sites are more likely to be required to make a wider range of infrastructure contributions to facilitate development. Accordingly, **RPS recommend that larger schemes should be considered as additional typologies through an update to the Viability Study.**
- 2.17 RPS are mindful that despite stating in a written Ministerial Statement published on 25<sup>th</sup> of March 2015 that they would be introducing a zero carbon homes standard in 2016, the Government subsequently did not do so. This led to issues for various Local Authorities who had adopted Local Plans assuming that this was to happen. **RPS recommend that a commitment to review the DPD should the Government fail to introduce the Future Homes Standard in 2025 as currently envisaged or make any other changes to relevant policies, legislation, and regulations should be incorporated into the DPD.**

### 3 POLICY NZC2(B) ZERO OR LOW CARBON ENERGY SOURCES

- 3.1 Policy NZC2(B) requires proposals for new development to include an energy statement which demonstrates that zero and low carbon sources of energy have been considered and, where possible, incorporated or used in the development.
- 3.2 The policy sets out a number of possible energy sources which are required to be given full consideration in the energy statement. This list is open as the final bullet point makes reference to 'other low carbon energy sources' and it is understood that it has been set out in this manner to allow flexibility to consider potential new energy sources that may arise in the future. Such flexibility is supported.
- 3.3 However, Paragraph 7.1 of the supporting text goes on to list specific technologies that should be considered in the energy statement. RPS do not support this prescriptive approach as it may lead to less efficient technologies being required to be assessed, even if more efficient technologies emerge in the future. As such **RPS recommend that this section be revised to make clear that the technologies listed are current examples that may be suitable to be considered, but that the list provided is not prescriptive and that alternatives may be more suitable.**
- 3.4 While it is noted that paragraph 7.2 encourages developers of larger schemes to contact the Council to discuss suitable sources of data and plans that could support development, **RPS suggest that wording is added to encourage the scope of the energy statement to be agreed with the Council prior to submission.** This would ensure that the applicant only considers potential energy sources that genuinely have the potential to serve a particular site, rather than be required to consider energy sources that are not relevant. It will also aid in reducing the need for further assessment to be undertaken during the determination of an application if an applicant fails to assess a potential energy source that the Council, with the benefit of their local knowledge, considers may be suitable.



## 4 POLICY NZC2(D) CARBON OFFSETTING

- 4.1 Policy NZC2(D) requires that where a development cannot demonstrate that it is net zero carbon at the point of determination of planning permission, it will be required to either make a financial contribution to the Council's carbon offsetting fund or to a verified local off-site offsetting scheme. Paragraph 8.2 sets out that the financial contribution required will be calculated on the basis of the average carbon market price per tonne. As a market price, this cost will change over time.
- 4.2 **It is noted that the Viability Study does not provide an indication of what this cost currently is. RPS contend that this is an issue that needs to be considered and the impacts of this cost considered through the Viability Study.** While it is acknowledged that the cost will evolve, it is standard practice to assess costs on the basis of a base date and it is suggested that this should be considered through an update to the Viability Study.

## 5 POLICY NZC2(E) VIABILITY

5.1 Policy NZC2(E) allows for a relaxation of policy requirements for schemes that can demonstrate that they are not viable. Paragraph 9.1 sets out that the Council considers that the policy will only apply in unusual circumstances such as particularly high build costs or abnormal site circumstances. However, at paragraph 7.3 of the Viability Study, it is suggested that only rural district authorities with homogenous developments on green fields are likely to be able to achieve the expectation that viability assessments will rarely be used at the application stage. The Viability Study goes on to suggest that the complex range of development scenarios that exist in Warwick District means that policies will need to be applied with a degree of flexibility so that meaningful policy targets can be set. As such there is an inconsistency between the evidence which implies that viability testing at the application stage is inevitable in the District and the DPD's suggestion that it would only be required in exceptional circumstances.

5.2 It should be noted that paragraph 34 of the NPPF 2021 states:

*"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). **Such policies should not undermine the deliverability of the plan.**" (Emphasis added)*

5.3 Furthermore, there is a clear expectation set out in the Planning Practice Guidance (PPG) that viability assessments at the application stage will provide certainty. As paragraph: 001 Reference ID: 10-001-20190509 states:

*"**Policy requirements should be clear** so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. **Different requirements may be set for different types or location of site or types of development.**" (Emphasis added)*

5.4 The PPG goes on at paragraph 007 Reference ID: 10-007-20190509 to give examples of the circumstances which could justify assessing viability during the decision-making process:

*"Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. **It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.** Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.*

*Such circumstances could include, for example where development is proposed on unallocated sites **of a wholly different type to those used in viability assessment that informed the plan**; where **further information on infrastructure or site costs is required**; where particular types of development are proposed which may significantly vary from standard models of development for*

*sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.” (Emphasis added)*

- 5.5 It is clear therefore that both national policy and guidance clearly require and support that viability assessment at the application stage should only be an exceptional issue, not something that is expected. Accordingly, **the Council need to demonstrate that the proposed policies in the DPD are viable**, which has not yet been done. **RPS recommend that further consideration is given to the proposed policy requirements, and if necessary, consideration given to amending other policy requirements or obligations such as CIL to ensure that they can demonstrate viability at the plan making stage.**

## 6 SUSTAINABILITY APPRAISAL

6.1 With regards to the assessment of reasonable alternatives paragraph 4.2 of the accompanying Sustainability Appraisal (SA) states that:

*“It is considered that there are no meaningful other options for this specific topic DPD that would need to be tested through SA.”*

6.2 Paragraph 4.3 goes on to state:

*“Doing nothing is not a reasonable alternative for the Council as the local planning authority is required to provide sufficient development land to meet the needs of the local communities for housing and employment.”*

6.3 RPS disagree with both of these points. RPS consider there to be at least two reasonable alternatives that should be tested through the SA.

6.4 While it is noted that the Council intend to adopt policies to set standards to reduce carbon emissions and deliver improved net zero carbon building standards as set out at paragraph 1.1.2 of the DPD, **the option of doing nothing is still a reasonable alternative that should be tested through the SA** so that the comparative positive and negative sustainability impacts of the proposed policies can be considered. The proposed policies in the DPD are not proposing to allocate land for development and as such will have no positive impact on the supply of development land to meet the needs of local communities. In fact, the proposed policies have the potential to adversely impact on the supply of development land by increasing the cost of development within the District, meaning that some sites that are currently viable may become unviable and so no longer be deliverable.

6.5 Furthermore, RPS also consider that the Council should assess an approach to improved energy efficiency that would be consistent with the Government’s own proposals to amend Part L and then later introduce the Future Homes Standard. This approach would differ from the current DPD by removing the proposed enhanced energy efficiency requirement set out in policy NZC2(A). No evidence has been presented by the Council as to why it would be unreasonable to follow the national approach. **As such RPS consider that a reasonable alternative would be to follow the national approach to improved energy efficiency requirements which should be tested by the SA.**

## 7 SUMMARY

- 7.1 Taylor Wimpey is supportive of the general principle of improving energy efficiency, however they have concerns about the proposed policies as drafted in the DPD.
- 7.2 Policy NZC2(A) is currently not justified as appropriate evidence to support an accelerated timescale for the implementation of enhanced energy efficiency measures has not been provided.
- 7.3 The proposed net zero carbon in operation requirement is not viable for over two thirds of the tested residential development combinations in conjunction with the current affordable housing requirement and CIL. RPS therefore recommend that consideration is given to either seeking a lower improvement in terms of energy efficiency, a lower affordable housing requirement, or a lower Community Infrastructure Levy (CIL) rate.
- 7.4 The Council should provide evidence to indicate the proportion of its Housing Land Supply within each value area assumed for each typology so that the impact of the proposed policies on housing land supply can be assessed.
- 7.5 RPS recommend that the CIL rates are reviewed in parallel with the preparation of the DPD and set at a level that ensures that development is viable while meeting the proposed policy requirements.
- 7.6 RPS also note that the lower CIL rates for schemes that exceed 300 dwellings suggest such schemes are less viable than smaller developments. This is a reasonable assumption, on the basis that larger sites are more likely to be required to make a wider range of infrastructure contributions to facilitate development. Accordingly, RPS recommend that larger schemes should be considered as additional typologies through an update to the Viability Study.
- 7.7 RPS recommend that a commitment to review the DPD should the Government fail to introduce the Future Homes Standard in 2025 as currently envisaged or make any other changes to relevant policies, legislation, and regulations should be incorporated into the DPD.
- 7.8 RPS recommend that this paragraph 7.1 be revised to make clear that the technologies listed are current examples that may be suitable to be considered, but that the list provided is not prescriptive and that alternatives may be more suitable.
- 7.9 RPS suggest that wording is added to policy NZC2(B) encourage the scope of the energy statement to be agreed with the Council prior to submission.
- 7.10 RPS contend that the cost of carbon offsetting needs to be considered and the impacts of this cost considered through the Viability Study.
- 7.11 The Council need to demonstrate that the proposed policies in the DPD are viable, which has not yet been done.
- 7.12 The option of doing nothing is a reasonable alternative that should be tested through the SA. RPS also consider following the national approach to improved energy efficiency requirements is a reasonable alternative which should be tested by the SA.