



**Government Response to the  
Environmental Audit  
Committee's report on  
Greener Homes for the Future?  
An environmental analysis  
of the Government's  
house-building plans**



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*Presented to Parliament  
by the Secretary of State for Communities and Local Government  
by Command of Her Majesty  
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# Government Response to the Environmental Audit Committee's report on *Greener Homes for the Future? An environmental analysis of the Government's house-building plans*

## Introduction

1. The Government welcomes the opportunity to respond to *Greener Homes for the Future?* – the Environmental Audit Committee's November 2008 analysis of the Government's house building plans.

2. In July 2007, Communities and Local Government published *Homes for the future: more affordable, more sustainable*<sup>1</sup>, the Government's green paper on housing. It set out the Government's strategic approach to housing and offered a range of detailed proposals, based around three pillars:

- **more homes to meet growing demand**, with a target of delivering 240,000 net additional homes a year by 2016, leading to three million additional homes by 2020
- **well-designed and greener homes**, supported by the right physical and community infrastructure
- **more affordable homes to buy or rent**, with a target of at least 70,000 more affordable homes a year by 2010-11

3. The 18 months since publication of the green paper have seen good progress to take forward the commitments that we have made. However, the upheaval in the financial markets since the summer has clearly raised new challenges to the attainment of our short to medium term housing goals. Through our actions and announcements since then, the Government has demonstrated its determination to respond decisively to current housing market conditions without losing sight of its longer-term responsibilities to ensure that:

- housing supply is increased to meet growing demand, arising from this country's household growth and to address long-term affordability issues
- we invest in higher standards, in particular mitigating climate change for the sake of future generations

4. These commitments underpin the Government's response, on the following pages, to the key recommendations made in the Environmental Audit Committee's report.

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<sup>1</sup> [www.communities.gov.uk/publications/housing/homesforfuture](http://www.communities.gov.uk/publications/housing/homesforfuture)

## Housing target: 3 million new homes by 2020

**Recommendation 1: We recommend that both the Department for Communities and Local Government, and the National Housing and Planning Advice Unit, review the share of new homes attributable to meeting the aspiration for bigger homes and gardens in their national house-building plans and targets; and seek the advice of the Sustainable Development Commission on the environmental limits of continuous annual house-building targets. (Paragraph 8)**

**Recommendation 2: We recommend that the Government urgently reviews the assumptions on which the 3 million homes target was based and whether it is still justified on the basis of the latest economic growth projections, fundamental changes in the mortgage market and house prices which are falling anyway. (Paragraph 12)**

5. In July 2007, Communities and Local Government published *Homes for the future: more affordable, more sustainable*, the Government's green paper on housing. *Homes for the future* set out our intention to increase housing supply to 240,000 new homes per year by 2016 in order to meet rising household growth and to address the long-term under supply of new homes, so that everyone can have access to a decent home at a price they can afford, and in a place where they want to live and work.

6. Although, good progress has been made in increasing housing supply consistently since 2001 to the nearly 200,000 additional new homes in 2007-08, the highest for 17 years, the Government fully recognises the challenges in delivering 240,000 additional new homes target by 2016, and the cumulative additional new homes targets of 2 million additional new homes by 2016 and 3 million by 2020.

7. The Government's house building targets remain a priority. They were drawn up recognising the long-term trends in household formation and therefore housing demand. Household projections are for the number of households to grow by 223,000 a year. The decline in the availability of mortgages, and falling house prices, does not, in the Government's view, affect the fundamentals of these demand and affordability pressures. Despite the current market conditions, there is strong pent-up demand for new homes with the potential number of new households still increasing faster than the number of new dwellings. People are living longer, and changing lifestyles and a legacy of undersupply have led to considerable unmet demand and need for places to live. Therefore, the Government does not believe that the long-term assumptions underpinning the housing targets set out in 2007 have altered.

8. Housing price affordability arises from the long-term real house price growth, which requires a long-term response. The National Housing and Planning Advice Unit's (NHPAU) publication *Affordability Still Matters*<sup>2</sup> set out why, in a changing housing market, it is important that we make decisions for the long-term benefit of this country. Furthermore, the NHPAU have advised

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<sup>2</sup>[www.communities.gov.uk/nhpau/keypublications/reports/affordabilitystillmatters/](http://www.communities.gov.uk/nhpau/keypublications/reports/affordabilitystillmatters/)

that given the difficult immediate outlook for the economy and the housing market in June 2009, they took a cautious approach about the assumptions which underpinned their analysis, for example in respect of levels of future household formation and economic growth.

9. The bottom end of the NHPAU supply range essentially replicates Government targets for new homes. The top end of the range represents an assessment of what it would take to stabilise affordability over the long-term and to tackle pent up need and demand. The NHPAU made no explicit allowance for demanding bigger homes and gardens in our advice. However, they did attempt some analysis about the impact of delivering more family homes and fewer flats which modelling suggests would have a more significant effect on improving overall affordability. The NHPAU has recently commissioned further research about the impact of factors such as quality, density and mix on affordability outcomes.

10. The NHPAU will refresh its advice in the light of recent major developments, however, as they have made clear the NHPAU do not expect this work to alter our fundamental position – that as a country we need to build more homes than we are currently planning for. Given that the fundamental drivers of demand and need for new homes remain, when market conditions improve the likely consequence of not providing new homes will be higher house prices and worsening affordability.

11. Therefore, the Government does not believe that the long-term assumptions underpinning the housing targets set out in 2007 have altered such as to warrant changing the targets. We of course recognise that house building brings with it potential environmental costs. The housing green paper set out a range of actions to address the challenge of climate change and to protect the environment. These were welcomed in the responses to the green paper.

12. The housing green paper was subject to an impact assessment, which includes a specific impact test on sustainable development, carbon assessment and other environmental assessments. This was published alongside the housing green paper and its sister documents. We should also remember that there can also be environmental (as well as social and economic) costs associated with not providing sufficient homes for people to live – for example higher transport emissions associated with people commuting over longer distances.

13. As set out in the impact assessment for *Homes for the Future: more affordable, more sustainable*<sup>3</sup> the detailed analysis of the impacts will be carried out on regional and local plans, including specific developments. A sustainability appraisal, incorporating a strategic environmental assessment, is part of the process of preparing regional spatial strategies (see responses to recommendation 4 below).

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<sup>3</sup> [www.communities.gov.uk/publications/housing/homesforfutureassessment](http://www.communities.gov.uk/publications/housing/homesforfutureassessment)

14. Planning Policy Statement 3: *Housing* (PPS3)<sup>4</sup> paragraph 33 asks local authorities and regional planning bodies, working together, to determine levels of housing provision at local, sub-regional and regional levels, in their development plans. This should take into account a range of factors, such as need and demand, the availability of suitable land, and the Government's ambitions for affordability and increasing housing supply. Sustainability appraisal of the environmental, social, and economic implications of these plans must draw on advice from statutory consultees including English Nature and the Environment Agency, and any environmental limits of house building targets would be identified through this process.

15. Given the requirement for appraising both regional spatial strategies and the local development frameworks, which govern the location of development, including housing, the Government does not think it necessary to invite the Sustainable Development Commission to undertake an assessment on top of these processes.

**Recommendation 3: In the light of current market conditions, we recommend the Government changes the balance of its 3 million new homes by 2020 target, so that the proportion that are built after the zero carbon target is significantly increased. (Paragraph 14)**

16. In our 2007 policy statement *Building a Greener Future: towards zero carbon development*<sup>5</sup> the Government announced its policy for all new homes to be zero carbon from 2016. The policy will be supported by interim amendments to Building Regulations in 2010, when the Government intends to introduce a standard based on a 25 per cent improvement in energy performance from the current (2006) standard, and 2013, when there will be a 44 per cent improvement on the 2006 standard.

17. In practice, near to medium-term reductions in levels of house building will increase the percentages of new homes that are built to the higher standards when they come into effect. However, it is not the Government's intention to delay housing supply for the sake of increasing the percentage of new homes that will meet the zero carbon homes standard. Indeed, it is possible that there would be unintended consequences if such an approach were to be adopted, since it could adversely affect industry's ability to develop the capacity, skills and investment needed for the transition to zero carbon. The Government considers it important that there is a phased approach to introducing the new standards to allow industry to adapt. Furthermore, as noted above, demand pressures remain, and we do not consider it appropriate to constrain supply artificially in any circumstances, let alone in those which obtain at present.

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<sup>4</sup> [www.communities.gov.uk/publications/planningandbuilding/pps3housing](http://www.communities.gov.uk/publications/planningandbuilding/pps3housing)

<sup>5</sup> [www.communities.gov.uk/publications/planningandbuilding/building-a-greener](http://www.communities.gov.uk/publications/planningandbuilding/building-a-greener)

## Low and zero carbon developments

**Recommendation 5: We recommend that, once the zero carbon standard comes into effect, the initial priority for developers must be to build on-site generating capacity and planning policy should reflect this priority. Where off-site renewables are used, these should not require the use of a private wire to connect them to the housing development that is funding them, but should simply be connected to the grid. However, it is essential that controls are established to ensure such off-site generation is additional to what power companies would build anyway. Whether new developments build on-site (or adjacent) generation, or pay into some kind of proposed community energy fund, we recommend that the Government seizes the opportunity of the 2016 zero carbon target to accelerate the development of district renewable energy sources to supply existing neighbourhoods. (Paragraph 28)**

18. The Government agrees with the Committee's analysis of the environmental contribution that the zero carbon homes target can make, notwithstanding the challenges and difficulties of meeting the target just through on site renewable energy sources. The Government published in December 2008 a consultation on the detailed definition of zero carbon homes<sup>6</sup>. The definition proposed sets out a hierarchy comprising, in turn:

- a high standard of energy efficiency, as the highest priority measure for reducing carbon emissions from new homes next, carbon reductions achieved on the site of the development and/or through direct connection of low and zero carbon heat (not necessarily onsite) – this means that developers will not only need to carry out energy efficiency measures but also, in practice, to put in place some level of onsite low or zero carbon energy supply (or connections to heat networks) in order to meet the required standard, or make use of an existing scheme; and
- a range of (predominantly offsite) allowable solutions – which could include off-site renewables – for reaching net zero carbon

19. The Government has yet to finalise the precise regulatory mechanism for enforcing these standards and has sought views in the consultation. The Building Regulations already encompass the equivalent of energy efficiency and carbon compliance levels. Planning also has a key role in enabling delivery of local renewable and low carbon sources of energy. This is made clear in the planning policy statement (PPS) on climate change<sup>7</sup>, which makes clear that, through regional and local strategies, new development should be planned to make good use of existing and planned opportunities for local renewable and low-carbon energy. The PPS has been designed to deliver a new wave of local renewable energy and community energy schemes to support the delivery of zero carbon buildings and a low carbon economy.

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<sup>6</sup> [www.communities.gov.uk/publications/planningandbuilding/zerocarbondenition](http://www.communities.gov.uk/publications/planningandbuilding/zerocarbondenition)

<sup>7</sup> [www.communities.gov.uk/publications/planningandbuilding/ppsclimatechange](http://www.communities.gov.uk/publications/planningandbuilding/ppsclimatechange)

20. The Government notes the Committee's views on private wire solutions. The Government's approach is discussed in the consultation document. It does not consider that private wire solutions are appropriate for achieving the carbon compliance standard. The consultation invites views on whether they could be considered as an allowable solution.

21. Offsite renewable electricity is included on the list of allowable solutions where either (i) an investment (e.g. a shareholding) in the renewable electricity capacity is provided to the home buyer or (ii) there is a direct physical connection (i.e. electrical cables) between the renewable energy generation and the housing development. Where a developer opts for the investment approach, there would be no need to install a direct physical connection (or, more particularly, an unregulated private wire arrangement). The more remote the location of the energy supply from the home, the less likely it is that the developer would choose to install a direct physical connection. The investment option also represents a tangible way of demonstrating that the new home has facilitated the investment in the renewable electricity capacity.

22. The Government recognises the benefit of community scale energy solutions in reducing bills and tackling problems of climate change and security of supply. Consultations on the detail of a new heat and energy saving strategy<sup>8</sup> that seek views on proposals for action and support at household and community level, including on removing barriers to district heating networks, was published on 12 February 2009.

23. The inclusion of a range of offsite 'allowable solutions' for reaching the zero carbon homes standard is intended, among other things, to stimulate community scale energy sources which may serve existing as well as new developments. Therefore one of the allowable solutions proposed in the consultation is to allow the export of surplus heat from a district heating scheme on a new development to existing buildings.

**Recommendation 10: We recommend that the Government ensures consumers are educated about both the requirements and benefits of highly energy efficient housing. We further recommend that the Government work with the construction industry and bodies such as CABE, UK-GBC, and EST, to develop designs for low and zero carbon homes that are as easy to live in, while maintaining the specified level of energy efficiency, as possible. (Paragraph 43)**

24. The Government is aware that people need significantly improved information and support on what they can do to manage their energy use better, and improve the energy efficiency of their home. In 2007, the Government launched the Act on Co2<sup>9</sup> campaign that aims to engage citizens on climate change issues, address the confusion and powerlessness, which can impede people from taking action, and encourage genuine and sustained behaviour change to help reduce carbon emissions and meet the UK's emissions targets.

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<sup>8</sup> [www.decc.gov.uk/consultations/hes.html](http://www.decc.gov.uk/consultations/hes.html)

<sup>9</sup> <http://campaigns.direct.gov.uk/actonco2/home.html?gclid=CJjY5qzs2ZgCFUEt3godLIP-dw&gclid=CJjY5qzs2ZgCFUEt3godLIP-dw>

25. The campaign has been developed in the context of high public awareness and concern about the impacts of climate. We understand that there is public confusion about what actions can be taken, and the relative impact of different actions. In September 2008, the Government launched a new phase of the Act on Co2 campaign on national television, press, radio, and online. Since the launch of the new phase, we have found that:

- the Act on Co2 advice line has received 208,238 callers, which is almost double the volume of calls received in the same period in September 2007 to February 2008
- 565,000 unique visitors have accessed the Act on Co2 website
- forty-seven per cent of citizens are now aware of the logo, which is perceived by the majority to be from Government
- sixty-six per cent say the adverts increase their interest in energy saving in the home. Three quarters of people who said the adverts did not increase their interest said it was because they felt they were already doing the actions
- seventy-three per cent of respondents currently say they have taken actions or are planning to take actions to reduce their CO<sub>2</sub> emissions as a result of the campaign. This compares to 50 per cent in summer 2007, when research was undertaken to evaluate the first television campaign burst

26. Consumers taking action individually will play an important role in meeting the challenges we face, and in addition to the positive impact on climate change and security of supply, consumers taking action in this way will benefit from lower energy bills.

27. To help consumers realise these benefits the Government recently made the decision that smart meters should be rolled-out to all domestic households. We have set out further options to help consumers identify the best ways of saving energy, and accessing the measures to do so, in the *Heat and Energy Saving Strategy consultation*.

28. Energy performance certificates<sup>10</sup> (EPCs) provide information on the energy efficiency of a property, and can increase awareness and help people to take steps to improve the energy performance of their home. The Government is keen to expand the role of domestic energy assessors, who produce EPCs, so that they can provide free or low-cost home energy advice and detailed behavioural advice both to occupiers and the wider community. It is worth noting that as well as EPCs being used to raise awareness amongst consumers on the energy efficiency of new homes, they are also raising awareness of the energy efficiency of existing homes.

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<sup>10</sup>[www.communities.gov.uk/planningandbuilding/theenvironment/energyperformance/homes/energyperformancecertificates/](http://www.communities.gov.uk/planningandbuilding/theenvironment/energyperformance/homes/energyperformancecertificates/)

29. New homes are starting to benefit from EPCs as well as certificates for homes built to the *Code for Sustainable Homes*<sup>11</sup> standard. Marketing the benefits of energy efficiency is taking place through these programmes as well as part of the cross-Government Act on Co2 campaign. As more energy efficient homes come onto the market and there is a greater awareness of the advantages these energy efficient homes can provide through cheaper running costs, and making the home more commercially attractive.

30. The Government's current consultation on the detailed definition of zero carbon homes recognises that these homes need to be no less desirable to consumers than homes built to today's standards. Among other things, this means technologies installed in zero carbon homes need to be reliable, easy for occupants to use and affordable to maintain.

31. It is primarily for industry to design zero carbon homes and to devise and promote features that will be attractive to consumers. However, Government is playing a role in stimulating innovation in this area through its exemplar programmes for zero carbon homes, including the Homes and Communities Agency's Carbon Challenge<sup>12</sup> and the eco-towns programme<sup>13</sup>.

32. Government is also providing pump-priming funding to the Zero Carbon Hub<sup>14</sup>, which has been set up by the industry to manage delivery of the zero carbon homes programme. One of the aims of the Zero Carbon Hub is to capture practical experience and use this imaginatively to accelerate mainstream adoption of low and zero carbon methods and technologies<sup>15</sup>. The hub has set up a series of work streams to take this, and other aspects of the programme, forward. The hub will be working with a variety of industry organisations and other bodies on the various work streams.

**Recommendation 11: We recommend that the Government clarifies what impacts the increased capital costs of low and zero carbon homes will make to their running costs and how costs will be paid for. In particular, we recommend that the Government urgently considers introducing feed-in tariffs as a way of making zero carbon homes more financially attractive to developers and homebuyers. (Paragraph 48)**

33. The Government's consultation on the detailed definition of zero carbon homes and the supporting impact assessment<sup>16</sup> estimate the capital cost implications of a range of options for meeting the zero carbon homes standard. An estimate is also given of the impacts on household energy bills.

34. We would expect the majority of the capital cost of meeting the zero carbon standard to be passed back to landowners in the form of lower land prices, rather than being retained by house builders or passed on to buyers of new homes.

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<sup>11</sup> [www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/englandwales/codesustainable/](http://www.communities.gov.uk/planningandbuilding/buildingregulations/legislation/englandwales/codesustainable/)

<sup>12</sup> [www.englishpartnerships.co.uk/carbonchallenge.htm](http://www.englishpartnerships.co.uk/carbonchallenge.htm)

<sup>13</sup> [www.communities.gov.uk/publications/housing/ecotownsprospectus](http://www.communities.gov.uk/publications/housing/ecotownsprospectus)

<sup>14</sup> [www.zerocarbonhub.org/](http://www.zerocarbonhub.org/)

<sup>15</sup> [www.zerocarbonhub.org/examples.php](http://www.zerocarbonhub.org/examples.php)

<sup>16</sup> [www.communities.gov.uk/publications/planningandbuilding/zerocarbondefinitionia](http://www.communities.gov.uk/publications/planningandbuilding/zerocarbondefinitionia)

35. Through the Energy Act 2008 the Government has taken powers to enable it to establish a system of feed-in tariffs for small-scale low carbon electricity generation up to a maximum capacity of five megawatts.

36. It remains to be decided in what form these incentives will be made available and which parties will be eligible to claim them. Government will be considering the interaction between the feed-in tariff and its zero carbon homes policy carefully.

**Recommendation 6: We recommend that the Department for Energy and Climate Change (DECC) and the Department for Communities and Local Government (CLG) urgently identify the practical difficulties in establishing extensive district energy systems, and implement a plan to address them. We further recommend that the Government commissions and publishes an assessment of the potential of biomass CHP, involving a detailed analysis of UK capacity to produce the requisite biomass (bearing in mind other demands for land use, and other demands for biomass), the sustainability of biomass supplies, and the effects of biomass CHP on air quality in urban areas and how to minimise them. (Paragraph 31)**

37. *The Heat and Energy Saving Strategy consultation*, published on 12 February this year, considers the benefits of district heating and sets out options aimed at removing the barriers that currently restrict its deployment. In parallel, the Government is looking at the potential for all renewable energy technologies, including bio energy technologies with CHP and without, as part of the research for the renewable energy strategy (RES) to be published in 2009. As part of this work, we will also be reviewing the sustainability of biomass and the air quality impact of biomass solutions.

38. The impact of biomass plant on air quality is controlled through a number of means, including through the planning system, the Clean Air Act (1993), and Environmental Permitting. The RES consultation included a number of options for the protection of air quality, and there is potential for emission standards to be improved and high quality plant encouraged into the market.

39. Some analysis has been undertaken based on the assumptions included in the consultation for the uptake of biomass heat. This shows that if final uptake is limited to 38 terrawatts hours (TWh), is of high quality, preferentially replaces current coal and oil heating, and is located away from large urban areas, air quality impacts are minimised (£142m annual value of life years lost). This analysis is highly sensitive to the assumptions used. Analysis of uptake based on lower quality units, around 50 TWh of final uptake, and with no preference against replacing gas heating in urban areas gave an annual value of life years lost of around £2,800m.

40. The Government's consultation on the detailed definition of zero carbon homes, and the supporting impact assessment, recognise that the higher the level of carbon reduction to be achieved onsite, the greater the likely level of biomass uptake. This could give rise to adverse consequences for the environment in some circumstances, for example local air quality considerations associated with the combustion of biomass in smaller scale

plant in urban areas. The impact assessment provides a monetised estimate of the health impacts of such air quality considerations under a range of options. The increased emphasis in the consultation on community scale approaches to meeting the zero carbon homes standard should help to reduce the incentive to install on-site technologies in circumstances where they would have adverse consequences.

## The code for sustainable homes

**Recommendation 8: Given the requirement to make rapid cuts in carbon emissions, the Government should speed up full implementation of the code for sustainable homes. (Paragraph 34)**

**Recommendation 9: It is not possible to predict what effects the mandatory rating of new homes against the code for sustainable homes will have on the market, but we cannot be sure that it will deliver the necessary changes in consumer behaviour or developers' plans. We believe that the impact of mandatory rating might be undermined by allowing developers to opt for a nil-rating. We believe that a transformation in building design will only come about when new homes are required to be built to mandatory standards. We recommend that the Government makes further aspects of the code, beyond energy use, mandatory from 2010 onwards. (Paragraph 39)**

41. Building Regulations set the minimum standards that all new homes have to meet and the Government has set a very clear timetable as to the direction of travel for energy efficient new homes via the zero carbon new homes policy (see response to recommendation 3 above). The Government is also strengthening or introducing other elements of sustainability into Building Regulations, such as the new requirement under Part G for water efficiency.

42. The code for sustainable homes on the other hand is a voluntary standard to enable and encourage homes to be built to higher standards of sustainability, although it does signal the future of Building Regulation requirements, for instance on energy efficiency, and the requirement for site waste management plans, which is now a regulatory requirement in England and Wales. However, there are some aspects of the code that may never become Building Regulations and it is right that these continue to be part of a voluntary, aspirational standard for those who want to go further than national standards. The Government thinks also that it is important to allow developers and products manufacturers time to develop the best way(s) to build sustainable homes that achieve high environmental standards, but are also cost effective. It is important for government not to lead industry up technical cul-de-sacs and enable flexibility and choice.

43. It is worth noting that it is a requirement for homes that receive Government grant funding, or are built on Government land to be planned and built to level 3 of the code for sustainable homes. It is right that the Government should push forward the highest possible standards in house building that it is funding.

44. By mandating code level 3 for the public sector the Government is providing an incentive for manufacturers that supply the building industry to innovate and develop new products that will help developers meet higher levels of the code. It provides manufacturers with a substantial market for such products before the Building Regulations are updated making higher sustainability standards mandatory.

45. Mandatory ratings for all homes under the code for sustainable homes is part of a package of measures, including energy performance certificates to increase consumers and developers knowledge about efficiency and sustainability issues. Due to the time lag it takes to design, plan and build homes (approximately 18 months) it is too early to assess the impact of this policy.

46. The Government is currently reviewing the code to ensure that it, and its underpinning technical guidance, is up to date and reflect best practice. The Government intends to consult later this year on revisions to the code.

47. The planning policy statement (PPS) on climate change recognises that there may be cases where it is appropriate for local authorities to set local requirements for sustainable buildings where circumstances warrant this. Local circumstances could include for example where, without the requirement, the envisaged development would not be acceptable for its location (for reasons such as water stress). Any local requirement is expected to be specified in terms of achieving a nationally described sustainable building standard, in the case of housing by expecting identified housing proposals to be delivered at a specific level of the code. The PPS expects any local requirement to be viable having regard to the overall costs of bringing sites to the market and, in the case of housing development, consistent with delivering the new housing needed in communities including the need for affordable homes.

## Eco towns

**Recommendation 19: We recommend that the Government applies the same environmental tests as set for eco-towns to all major housing developments from 2016. The Government must make clear how eco-towns will improve sustainability and reduce carbon emissions, particularly through the wider influence they could have on existing communities. (Paragraph 72)**

48. The Government has proposed ambitious standards of economic, social and environmental sustainability for eco-towns in a draft planning policy statement (PPS) on eco-towns<sup>17</sup>, and these are now open to public consultation. These proposals reflect the specific nature and unique potential of eco-towns, and go further than any standards previously set for new developments.

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<sup>17</sup> [www.communities.gov.uk/publications/planningandbuilding/ppsecotowns](http://www.communities.gov.uk/publications/planningandbuilding/ppsecotowns)

49. Eco-towns are unique, and explicitly designed to demonstrate what is possible in terms of integrated sustainable living and to drive forward progress on green technologies. It has always been our aim that the lessons learned from eco-towns will be applied more widely as appropriate and through established planning procedures. Specifically, in discussions about the Thames Gateway eco-region consideration is being given to similar standards for the proposed eco-quarter.

50. The lessons learned from eco-towns, along with the progress on technology and manufacturing capacity that they will promote, will support our programme for zero carbon homes, and also our ambition for all new non-domestic buildings to be zero carbon from 2019.

51. Eco-towns represent a real opportunity to integrate sustainability from the outset. While the physical act of building new towns will not cause a direct reduction in carbon emissions this ambitious project will show us how we can design for sustainable communities in which individuals are able to live, work and raise their families with much lower carbon emissions than is currently the case. In particular, the proposed planning standards set out in the draft PPS include:

- zero carbon across the whole town– for all buildings within the development – making good use of a range of local renewable energy
- homes – all of the eco-town standards for homes stretch beyond current guidance and Building Regulations, requiring for example carbon reductions (from space heating, hot water and fixed lighting) of at least 70 per cent compared to current Building Regulations
- transport – supporting more walkable (and cycle friendly) communities, and emphasising good public transport links to larger communities in order to ensure at least 50 per cent of journeys are made by non-car means
- employment – access to one job per home without needing to use a car – there are no standards for employment associated with most development, so this is an ambitious first
- green infrastructure – 40 per cent of the town’s area as high quality green space, with at least half of this public, including space for growing food and connections to existing green networks
- services – good quality education, health, sports and cultural services will also be made available in eco-towns, and many (if not most) of these services should be available to neighbouring smaller communities
- water – a range of measures to ensure high standards of water efficiency and quality, supported by a water cycle strategy including incorporating sustainable urban drainage systems (SUDs) and where this is not feasible (as identified within a relevant surface water management plan) avoid connection of surface water run-off into sewers, and an aspiration to water neutrality across the wider area, for water-stressed areas, which may include retro-fitting of existing buildings

- biodiversity – planning permission may not be granted for eco-town proposals that are likely to (a) have a significant adverse effect on internationally designated nature conservation sites or sites of special scientific interest; or (b) result in a net loss of biodiversity from the local area. A strategy for conserving and enhancing local biodiversity should be produced to accompany planning applications for eco-towns

52. These bold proposals, combined with the town-sized scale of the development, should enable new ‘green’ building methods, sustainable approaches and green technologies to develop into more mainstream industries and reduce marginal costs.

**Recommendation 20: We share many of our witnesses’ concerns about the full environmental impacts of eco-towns. We recommend that the Government re-examines its proposals to ensure they generate a much greater level of sustainability, particularly in terms of being located close to existing commercial centres, employment opportunities, and public transport links. (Paragraph 93)**

53. The Government has published a draft planning policy statement (PPS) on eco-towns since the witnesses’ concerns were expressed, and indeed since the publication of the Committee’s recommendations. These set out the very high proposed standards for economic, social and environmental sustainability in eco-towns.

54. As part of our assessment of each location we have produced a sustainability appraisal which provides greater detail about the environmental sustainability and other issues for each location and tests these against comparative sites. This has been published alongside the draft PPS for consultation; comments are invited on the issues identified within the appraisal.

55. As the sustainability appraisal makes clear, eco-towns represent a real opportunity to integrate sustainability from the outset but their success in sustainability terms will depend on the degree to which they promote a genuine shift towards more sustainable forms of transport (walking, cycling and public transport). As set out above, the standards proposed in the draft PPS seek to raise the bar in sustainability terms with stretching standards on transport, for example through:

- a high ‘model share’ target which aims to support at least 50 per cent of trips originating in eco-towns to be made by non-car means
- schools within 800m from homes for children under 11 and
- homes within ten minutes walk of frequent public transport and neighbourhood services

56. Where eco-town proposals are sufficiently developed, further assessment is underway to look at financial viability, transport and deliverability, with support from PricewaterhouseCoopers, ATLAS and the Department for Transport.

57. Summaries of these assessments will be published in due course. Following publication of the final eco-towns short-list any resulting planning applications would need to include a range of supporting documents to identify and mitigate the impact of proposals, including a detailed environmental impact assessment, economic strategy, travel plan, biodiversity strategy, water cycle strategy and a sustainable waste and resources plan.

## Building Regulations

**Recommendation 12: We recommend that much greater emphasis is placed on energy efficiency and sustainability within building control, with the Government ensuring that extra training and resources are made available to local government where necessary. We also recommend that the Government urgently reviews ways of improving the rigour of inspections carried out by private approved inspectors.**

58. The Government agrees with the Committee that there needs to be a greater focus on the energy efficiency and sustainability requirements in Building Regulations, especially as requirements are set to become more demanding in the move towards zero carbon standards for new homes.

59. Alongside the changes to Part L (Conservation of Fuel and Power) Building Regulations in 2006, we instigated a substantial training programme, improved guidance, made air-tightness testing mandatory and introduced additional schemes for competent installers.

60. To support our activities in this area we recognise the need to gather more information to better understand the possible issues of non-compliance with Part L Building Regulations, and the effectiveness of our responses.

61. We are therefore undertaking a joint project with the Energy Efficiency Partnership for Homes to survey implementation of Part L 2006 for new homes. The findings<sup>18</sup> to date of phase 1 are promising, with improved levels of air-tightness compared to earlier surveys. Phase 2 of the project will be extended to 100 homes and is scheduled to be published later this year.

62. Separately to this project Local Authority Building Control, which represents local building control departments, recently announced the results of a survey of 2000 projects that was carried out in response to accusations that building control officers do not enforce Part L properly in comparison with structural and fire safety requirements in the Building Regulations. The survey found that enforcement action levels for Part L were slightly lower than those for structural requirements and on a par with fire safety requirements.

63. It is worth noting that last year we introduced extended time limits for prosecution, and consulted on proposed changes to the building control system. To follow this up we will be putting in place a programme of reform to make the building control system work more effectively.

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<sup>18</sup> [www.eeph.org.uk/uploads/documents/partnership/EEPH-CLG%20Part%20L1A%20Compliance%20Project%20-%20Pilot%20Study%20Report%20v1.41.pdf](http://www.eeph.org.uk/uploads/documents/partnership/EEPH-CLG%20Part%20L1A%20Compliance%20Project%20-%20Pilot%20Study%20Report%20v1.41.pdf)

64. A key element of this programme will be moving to a risk-based approach to checking compliance, so that all building control bodies can focus on those projects considered to be at high risk of non-compliance, in particular issues relating to energy efficiency and sustainability.

65. The guidance, to be ready in autumn 2009, will apply to all building control bodies (approved inspectors and local authorities). It will assist in determining the number and type of inspections needed for different project types.

66. We are committed to making changes to improve the procedures in which the approved inspectors operate as set out in the *Future of Building Control* consultation<sup>19</sup> and we will be looking at the Approved Inspectors Regulations in more depth as we move along the programme of reform.

**Recommendation 13: We recommend that the Government introduces much higher penalties for developers who fail to meet energy efficiency regulations in practice, and provides financial incentives for developers based on the number of properties that pass a post-completion site inspection.**

67. There was strong support in the *Future of Building Control* consultation for any measures to strengthen enforcement. The Government has already introduced longer time limits for prosecution and we have indicated our intention to make use of the new civil sanctions as set out in the Regulatory Enforcement and Sanctions Act 2008.

68. In particular, compliance and restoration notices will allow building control bodies to more easily get work brought up to the required standards. The package of new enforcement powers, which may also include stop notices and penalty notices, should act as a major deterrent to non-compliance by offering local authorities a more flexible variety of tools and approaches to deal with wilful and persistent offenders in an appropriate way.

69. If the new enforcement powers do not have the intended impact, the £5,000 maximum penalty (set by the Magistrate's Courts Act) may need to be reviewed as for larger firms it may no longer act as a real deterrent to wilful non-compliance.

70. The Government has already taken action to improve the energy efficiency of buildings through tax and other measures, including, for example, the carbon emissions reduction target obligations on energy suppliers, and the stamp duty land tax (SDLT) exemption for zero carbon new homes. The aim of SDLT exemption is to help kick-start the market for new highly efficient technologies in homes, both for the fabric of the building and in the use of microgeneration. As with all taxes, the Government will be keeping property-related tax measures under review.

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<sup>19</sup> [www.communities.gov.uk/publications/planningandbuilding/futurebuildingcontrol](http://www.communities.gov.uk/publications/planningandbuilding/futurebuildingcontrol)

## Planning

**Recommendation 18: We recommend that the Government specifies how much existing green belt land has been lost since 1997, separately from the amount that has been offset by new green belt land elsewhere, and amends planning policy and guidance to strengthen the “exceptional” test and emphasise the importance of protecting and where possible extending existing green belt boundaries. (Paragraph 67)**

71. The Government published the total area of land designated as Green Belt in statutory development plans (as at 1993) for the first time in the 1995 *Planning Policy Guidance (PPG) 2: Green Belts*<sup>20</sup>. Subsequently, figures for the total area of Green Belt land were not collected again from local authorities until 1997. It became an annual requirement to publish national statistical releases on Green Belt in 2003.

72. Data collected from local authorities up until 2007 related to the net total amount of land designated as Green Belt at the local planning authority level, and did not record the amount of land lost separately from the amount created, nor examine the reasons for any changes in the amount of green belt recorded compared to previous figures. This means that the data we hold for the period 1997-2007 is not retrospectively capable of analysis to reveal the amount of green belt de-designated.

73. Since 2007, we have required local authorities to provide a comprehensive list of the reasons for any changes to the area of Green Belt land. These changes and their reasons were presented in the Communities and Local Government’s Annual Green Belt<sup>21</sup> statistical release published on 31 January 2008, which shows changes to the recorded area of Green Belt between 2006 and 2007. The Government is committed to continuing to collate and publish changes to green belt land on this basis, including the amount of green belt de-designated.

74. Importantly, the statistical release for 2007 indicates that actual changes to the extent of Green Belt land are few, with many of the recorded changes being due to local authorities using increasingly accurate measuring techniques based upon digitised data. In particular, most authorities now use geographic information systems to measure the extent of Green Belt land in their areas, as opposed to measurements based upon paper maps. Combined with this, the Ordnance Survey’s positional accuracy improvement exercise has also improved the accuracy of some local authority data.

75. Under PPG 2, any real changes to Green Belt boundaries are only justified in exceptional circumstances. The Government does not accept the view expressed to the Committee that it is placing growing pressure on regional planning bodies or local planning authorities to review Green Belt boundaries to meet housing demand. It is for local authorities to identify the most sustainable locations to accommodate the needs of their communities

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<sup>20</sup> [www.communities.gov.uk/documents/planningandbuilding/pdf/155499.pdf](http://www.communities.gov.uk/documents/planningandbuilding/pdf/155499.pdf)

<sup>21</sup> [www.communities.gov.uk/news/corporate/localplanningauthority2007](http://www.communities.gov.uk/news/corporate/localplanningauthority2007)

for sufficient, good quality housing in a way that is consistent with the strong protections in place on some areas of land, such as Green Belt, to safeguard them from inappropriate development. Where necessary, the Secretary of State will use her powers of intervention to ensure that this happens.

76. For example, in the emerging east midlands regional spatial strategy (RSS), the Panel which carried out the independent examination into the draft strategy did recommend the deletion of much of the Green Belt around Nottingham and Hucknall. However, the Secretary of State was not convinced that exceptional circumstances had been demonstrated to justify the release and through her proposed changes to the draft RSS proposed that there should be a wider review covering the whole Nottingham core housing market area and Hucknall to identify the most sustainable broad locations for the anticipated growth.

77. The terms of reference for that review mean it would need to consider locations both within the existing built up area and elsewhere, including areas currently within the Green Belt, relating them to existing and future infrastructure provision and to the ease of access, particularly by public transport, to places of work and other facilities and services. If any proposals for deleting land from the Green Belt subsequently arose from that review, they themselves would need to demonstrate exceptional circumstances. The Government believes that this approach demonstrates the seriousness with which it takes the need to protect the Green Belt and will continue to keep the effectiveness of PPG2 under review.

**Recommendation 14: We recommend the Government clarifies how much capacity it has identified on brownfield land for new homes, and whether its target for 60% of new housing to be built on brownfield land will be applied to the 3 million new homes to be built by 2020.**

78. Government is committed to the use of brownfield land as priority land for development and to the national target of 60 per cent of homes should be built on brownfield land. Within this national target, every region and local authority is expected to set their own targets for brownfield land use through their regional spatial strategy (RSS) and local development documents (LDDs) with the levels of available brownfield land recorded on the national land use database (NLUD).

79. The NLUD of previously-developed land (PDL), based on information collected in 2007, estimates there are 62,130 hectares of previously-developed land in England. This constitutes 33,600 hectares of vacant or derelict previously-developed land and 28,520 hectares in use but with potential for redevelopment.

80. The actual capacity of the PDL land for housing would depend on many factors, including the mix of uses, the density of development and its sustainability. *Planning Policy Statement 3 (PPS3): Housing* asks local planning authorities and regional planning bodies to consider sustainability issues as some brownfield sites will not necessarily be suitable for housing.

81. In practice, the 3 million new homes to be built by 2020 will be planned for through the regional and local spatial planning processes taking into account the national target and evidence from strategic housing land availability assessments and sustainability appraisal.

82. Current RSS targets for brownfield land vary regionally and sub-regionally from 50 per cent to 90 per cent, with around 98 per cent of development in London expected to be on brownfield land. At the local level, LDDs should include a local previously-developed land target having regard to the national and regional previously-developed land target.

83. Working with the new Homes and Communities Agency (HCA) through its 'single conversation' with local authorities we will be reassessing the range of brownfield land currently available for development and green end uses including that suitable for the development of new homes.

84. We will also work with the HCA to review the way that information on brownfield land is gathered and presented through the NLDU Database to ensure that information flowing from the system supports the Government's targets for regeneration and the development of new homes on brownfield land.

**Recommendation 4: We recommend that the Government suspends the implementation of its regional spatial strategies until it has carried out and published an environmental appraisal of its house-building targets.**

85. The Planning and Compulsory Purchase Act 2004 introduced a statutory regional tier of planning into England, when the existing non-statutory regional planning guidance (RPG) was 'translated' into regional spatial strategies (RSS).

86. Since 2004 full revisions of the existing RSSs have been taking place and this process is now nearly completed. Only the RSSs covering the east midlands, south east, and south west have not completed, but they will do so in 2009.

87. This revision/implementation process is so advanced it cannot be suspended without incurring major costs and disruption to the planning and development process at both the regional and local tiers. The purpose of an RSS is to provide a broad development framework for a region over a 15 to 20 year period and it is essential that they are in place and up to date so as to deliver sustainable patterns of development. Without RSSs being in place, local planning authorities would be expected to draft up their local development documents (LDDs) in a policy vacuum, which would undermine their ability to deliver the sustainable development of their area. The Government does not propose therefore to suspend any of the RSS revisions.

88. The statutory planning system exists to promote sustainable patterns of development. Section 39 of the Planning and Compulsory Purchase Act 2004 contains a requirement for those responsible for preparing RSSs and LDDs in England to undertake those functions with a view to contributing to the achievement of sustainable development.

89. The revision of RSS is accompanied by the application of the sustainable environmental assessment (SEA) and the habitats regulation assessment (HRA), these environmental assessment regimes form an integral part of the revision of an RSS, and they inform every stage on the development of an RSS. This means that all existing RSSs, and all RSSs under going revision, have been subject to a comprehensive environmental appraisal, which ensures that the RSS sets out a planning framework for the sustainable development of a region over a 15 to 20 year time horizon.

90. The purpose of the SEA and HRA regimes is to act as a 'quality control tool' ensuring that the RSSs contain planning policies that will inform development on the ground which are sustainable in environmental, economic and social terms. This includes the likely impact of new development upon carbon emissions, traffic generation, biodiversity, clean water supplies and disposal of waste for example. Our planning policies on climate change expect new development to be planned to limit carbon dioxide emissions, and the SEA and HRA by informing the drafting of RSSs make sure these development plans inform patterns of development including housing development which are sustainable and have as little negative environmental impact as possible.

91. The process of regional planning in England is being strengthened through proposals to introduce a single regional strategy to better align social, economic and environmental factors in spatial planning at the regional tier. The proposals to create single regional strategies are currently before Parliament and set out in Clause 65 to 82 of the Local Democracy, Economic Development and Construction Bill. The decision by the Government to bring forward the creation of single regional strategies by merging RSS and regional economic strategies demonstrates the Government's commitment to regional planning and the need to maintain the momentum at the regional planning level to deliver sustainable patterns of development.

**Recommendation 15: Given existing planning policy, we are concerned that by continuing to impose high national house-building targets and regional plans during a market downturn, the effect of Government policy is to make it impossible for local authorities to prevent planning permission being granted for development on land that is not currently needed and that would not otherwise be granted. Presented with an excess of available land, it is likely developers will build new developments on greenfield sites in preference to developing brownfield sites within the boundaries of existing settlements. We recommend that Government ensures this does not happen by revising urgently its targets and regional plans in the light of current market conditions, and by reintroducing a clear sequential test in favour of brownfield sites into planning policy.**

92. The Government does not accept this recommendation. The fundamental need remains to respond to the long-term increasing demand for homes as our population ages and grows and more people live alone. Regional plans set out housing requirements for a period of at least 15 years. Current and anticipated economic conditions point to a greater emphasis on ensuring development plans are in place to support recovery so that planning authorities can deal with new applications more quickly and efficiently.

93. Planning Policy Statement (PPS) 3: *Housing* already focuses on developing brownfield land for housing as a priority, particularly vacant and derelict sites and buildings, as well as surplus public sector land where possible.

94. However, the Government believes that what is important is not simply how land is defined, but how sites are managed for development. PPS3 gives planning authorities greater flexibility around the location and the kind of housing that is needed in their areas. It states in clear terms that there is no presumption that land is suitable for housing simply because it is brownfield, stressing the need for sites to be suitable for housing development, that are in suitable locations, and which will contribute to the creation of mixed and sustainable communities.

95. PPS3 sets out a proactive 'plan-led' approach to the supply of land for housing to help achieve the step change in housing delivery required. By 'plan-led', PPS3 requires local authorities to be much more proactive and identify sites in their plans that are suitable for housing, working with local communities and key stakeholders. Plans should identify land for housing for at least 15 years, with the first 5 years being a continuous, rolling supply of land that is ready to be built upon.

96. By identifying sites for housing in plans rather than relying upon speculative planning applications coming forward randomly, local authorities can provide housing in suitable locations supported by the right infrastructure provision. This will ensure local communities get the right development, in the right place, at the right time, reflecting the principles of sustainable development.

97. As previously mentioned PPS3 maintains the target that at least 60 per cent of new housing should be developed on brownfield land, (and current performance against this target is provisionally 75 per cent). Within that, regions and local authorities should set their own targets, taking account of local circumstances.

98. Local authorities need to understand what land in their area has potential for housing development and take a strategic and pro-active approach to managing their brownfield land into development, using a brownfield trajectory. *The National Brownfield Strategy*<sup>22</sup>, developed by English Partnerships, and now part of the Homes and Communities Agency will help them with this work.

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<sup>22</sup> [www.englishpartnerships.co.uk/brownfieldstrategy.htm](http://www.englishpartnerships.co.uk/brownfieldstrategy.htm)

## Sustainable housing growth: infrastructure and funding

**Recommendation 21: We welcome the considerable attention the Government has devoted to delivering infrastructure for sustainable communities since our last report. We are concerned, however, that the Government is relying on private developers to provide this funding, through the proposed community infrastructure levy and Section 106 funding, and that this may not be forthcoming in the current market downturn. We are also concerned that not enough priority will be given to public transport and green infrastructure. (Paragraph 79)**

**Recommendation 22: We recommend that the Government ensures that minimum standards, delivering required sustainable infrastructure, apply to all new developments, to ensure that housing is not built simply with the promise of infrastructure to come – and which may never come due to reduced profits to house-builders. We also recommend that the Government controls the proportion of the planned investment in transport infrastructure for new developments that will be devoted to roads, and ensures that the proportion to be devoted to public transport is adequate to promote sustainability and the use of low carbon transport methods. (Paragraph 80)**

99. We welcome the Committee's recognition that progress has been made in delivering infrastructure for sustainable communities. The Government continues to be committed to ensuring that the right infrastructure is provided in a timely fashion to support housing growth.

100. Funding for infrastructure should be provided from a mix of mainstream funding, private sector contributions, planning obligations and top up funding such as the growth fund and community infrastructure fund. The Government recognises the importance of identifying and planning for infrastructure, including the phasing of when infrastructure is required.

101. Indeed, the Government remains committed to supporting infrastructure delivery and the comprehensive spending review (CSR) 2007<sup>23</sup> reinforces the Government's commitment to infrastructure spending.

102. The community infrastructure levy (CIL) is intended to provide additional resource and additional flexibility for local authorities to finance the costs of delivering the infrastructure required to support the development of their area. CIL is only one of several funding streams that an authority will be able to use to fund infrastructure. As a new local flexibility, it will be for local authorities to decide the infrastructure benefiting from CIL funding through consultation with their communities and local stakeholders.

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<sup>23</sup> [www.hm-treasury.gov.uk/pbr\\_csr07\\_index.htm](http://www.hm-treasury.gov.uk/pbr_csr07_index.htm)

103. To support the provision of infrastructure the Government is investing £1.7bn in the Thames Gateway, the growth areas, growth points and eco-towns during the CSR07 period. This includes £300m for the second round of the community infrastructure fund, a joint Communities and Local Government/ Department for Transport funding programme for transport schemes that support housing growth with priority given to bids seeking to make better provisions for sustainable methods of travel.

104. In addition, the consideration and funding of transport to support housing growth is largely for local authorities (through the local development framework and local transport plan process) and regions (through the regional funding allocations) to determine. However, the Government does provide best practice guidance and other more focussed support at a regional and local level but ultimately the decision on the type of transport to provide for new communities is for regional and local partners to decide.

105. The Government is also investing £832m in the growth areas and growth points over the CSR period to support infrastructure, and announced £605m of funding awards for 2009-11 on 10 December 2008. In a new approach to funding, and in line with the principles of the Local Government white paper, and to better align the funding system with the development of local area agreements, multi-area agreements and the local performance framework, growth funds are paid as a non-ringfenced grant giving local authorities, and their partners, the freedom in how and when they spend the funding, allowing them the flexibility to re-prioritise funding to respond to local circumstances.

106. Plans for the provision of green infrastructure, and the impact of growth on transport and how places are encouraging more sustainable methods of transport, are among the issues considered as part of the funding assessment process.

107. The Government notes the Committee's concern that, currently, not enough priority may be given to the provision of green infrastructure through the planning system. Properly planned and maintained green infrastructure can bring many health and wellbeing benefits, provide economic opportunities, attract inward investment to areas through the offer of an attractive working environment for business, reduce flooding, the urban heat island effect, and help people to value and enjoy where they live and work.

108. We are currently working across Government and together with non-governmental organisations (NGOs) and regional bodies to develop policy initiatives to better align land-use and transport planning, in order to minimise the impact of housing growth both on the environment and on strategic networks, and to ensure that new communities are designed with sustainability principles in mind.

109. We will review national planning policy to ensure that it recognises the benefits of, and opportunities for, provision of green infrastructure in the built environment, and that appropriate weight is given to protecting or enhancing green infrastructure through the planning process.

110. The Government intends that all new sewers that connect to the public sewerage network should automatically be the responsibility of the statutory sewerage undertakers (e.g. water and sewerage companies) and should be built to a mandatory design and construction standard. Government recognises that both surface water management and the implementation of sustainable drainage systems (SUDs) are strongly linked to planning processes. In addition to securing greater flood resilience, greater use of SUDs will help to facilitate new surface water drainage systems being developed in a coherent and cost effective way.

## Existing homes

**Recommendation 16: We recommend that the Government investigates the potential for the redevelopment of vacant buildings to provide new homes, with an emphasis on examining how many homes this could provide, and what savings in environmental impacts this would lead to over building the same number of new homes.**

111. The National Housing and Planning Advice Unit's advice to ministers on the housing supply range to be tested by regional planning authorities last year, explained that the vacancy rates in Britain are low by international standards. If we take away second homes and transactional vacancies, the figure is near 300,000. This compares with the projection that there will be 223,000 new households forming each year until 2026 (as a result of population growth, changing patterns in age and marital status and more people choosing to live alone). Therefore, even if all long term empty properties could be brought back into use, this would not deal with the current imbalance between supply and demand. Also, areas with high concentrations of empty homes often do not correspond with areas of high housing need. Therefore, whilst this is an important issue, it is only a very small part of addressing the demand and affordability issue that this country faces.

112. Nevertheless, the Government remains committed to reducing the number of long term empty homes. The total number of empty homes in England has reduced by 9 per cent since 1997<sup>24</sup> to 697,055 dwellings or 3 per cent of the existing housing stock. Of which, 293,728 have been vacant for more than six months. The private sector accounts for 88 per cent of the total number of empty homes across England.

113. The Government continues to provide a range of tools that aim to encourage property owners to bring empty properties back into use, including:

- since 2008, VAT charged at 5 per cent on renovation of homes empty for two years or longer. This is an extension of the existing VAT reduction introduced in Budget 2001 and which applied to homes empty for three or more years

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<sup>24</sup> Housing Strategy Statistical Appendix – [www.communities.gov.uk/documents/housing/xls/SectionsAE.xls](http://www.communities.gov.uk/documents/housing/xls/SectionsAE.xls)

- since council tax was introduced in 1993, empty properties that are vacant and substantially unfurnished are exempt from council tax for a statutory period of six months. Once the statutory period for exemption has ended the local authority has discretion to set the discount between 50 per cent and 0 per cent.
- we have strengthened the powers of local authorities to deal with empty homes where discussions and other voluntary measures with owners have failed to work, including as a last resort the use of empty dwelling management orders, to allow councils to bring homes back into use without forcing a change of ownership

114. The Government does not believe that more legislation is needed. Rather we want to ensure all local authorities perform as the best already do by implementing effective empty property strategies.

115. The Building Regulations require consequential improvements where building work is undertaken for buildings over 1000m<sup>2</sup>. This means that certain improvements to the energy efficiency of the building have to be made alongside other building work. The Government is looking at these provisions, and whether they could be extended, as part of the changes to Part L of the Building Regulations to be introduced in 2010, and on which there will be a consultation shortly.

**Recommendation 17: In our last report on housing, we expressed concern “that current rates of VAT are heavily stacked in favour of demolition, as opposed to refurbishment”, and recommended that HM Treasury revises the current VAT rules concerning both new build and refurbished homes built to high environmental standards. We recommend that the Government renews its efforts at overcoming the obstacles to reforming VAT in this way.**

116. The construction and sale of new housing is VAT zero rated. Most other work to housing – including refurbishment and repairs – as well as professional services by architects, surveyors, supervisors or other consultants is VAT standard rated.

117. Under the European VAT agreements signed by successive governments, the UK can retain existing VAT zero rates but cannot extend these, or introduce any new ones. Equalising the VAT rate for all work to housing would therefore require us to give up the current zero rate.

118. EU VAT agreements do permit a reduced VAT rate for *the “provision, construction renovation and alteration of housing as part of a social policy”*<sup>25</sup>. The Government has targeted relief at areas of specific need in line with its wider policy objectives.

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<sup>25</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:347:0001:0118:EN:PDF>

119. In respect of empty homes, for example, a reduced VAT rate of 5 per cent is applied to certain residential conversions, and the Government has widened the scope of the existing reduced rate for residential renovations and alterations by reducing the empty homes condition from three to two years.

120. These measures have helped bring vacant homes back into use and create new homes through better use of the UK's existing housing stock. Separately, in line with its household energy efficiency objectives, the Government has also reduced the VAT chargeable on the installation of certain renewable energy technologies and energy-saving materials, including insulation and draught stripping in houses.

121. The Government only applies reduced VAT rates where it believes these would provide well-targeted and cost-effective support for its policy objectives, compared to other measures, and it continues to keep the impact of VAT on different types of building work under review.

## Climate change adaptation

**Recommendation 7: We recommend the Government places much greater emphasis on adapting housing to the future impacts of climate change, both in terms of the designs for new housing and elements that can be retrofitted to existing housing stock. Critical to this will be the development of the skills and supply chains needed to support and apply innovative construction methods and design. The Government should ask the UK Green Building Council to investigate what further action is needed in this regard. In investigating these questions the UK Green Building Council should take into account the views of bodies such as the Environment Agency. (Paragraph 32)**

122. The Government agrees with the importance of addressing climate change adaptation both for new homes and the existing stock. We are working with a wide range of key stakeholders, including the UK Green Building Council, to improve our understanding of the impacts of climate change and the challenges it presents.

123. The work of the UK Climate Change Impacts Programme<sup>26</sup>, led by Defra, will consider appropriate measures to deal with the future impacts of climate change and how these might be reflected in guidance, codes, standards and regulations alongside measures to reduce carbon emissions. This will include work to consider how adaptation measures can be further built into the code for sustainable homes.

124. Our planning policies on climate change already make clear that regional and local planning should secure new development and shape places that minimise vulnerability, and provide resilience, to future climate change, recognising the needs of all in the community. The draft consultation on a PPS on eco towns sets clear ambitions in adapting to climate change.

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<sup>26</sup> [www.ukcip.org.uk/](http://www.ukcip.org.uk/)

125. The Government is also planning to examine how existing tools, such as energy performance certificates and Building Regulations, can encourage the take up of opportunities to improve not only the energy efficiency of buildings but also wider sustainability issues.

126. Therefore, the review of Building Regulations in 2009 will consider the case for improving flood resilience in areas of high flood risk. The Government is also reviewing the provisions of Part F of the Building Regulations, which deal with ventilation, alongside the review of Part L.

127. Also, the Government recognises that there could be a role for voluntary codes of practice. Codes of practice could promote the benefits of action without imposing a regulatory burden or large enforcement costs. However, it is important to note that the building industry is very fragmented which may make it difficult to achieve a critical mass of people within the industries who would sign up to new codes of practice. The Government, with the Energy Saving Trust, has begun an initial exploration of these issues and has commissioned a scoping study to assess what information and advice is needed by different stakeholders in the residential market. The focus in the first instance is on energy efficiency, but the Government will consider the breadth of the scope in the light of the study's conclusions.

128. The Government is also exploring the potential for a consortium of stakeholders to undertake research, development, pilot demonstration, and large-scale deployment of new and better retrofitting technologies for existing buildings. This activity specifically incorporates retrofitting to adapt buildings for the impacts of future climate change, retrofitting measures aimed at achieving passive cooling of buildings during heat waves for example, as well as measures aimed at reducing carbon emissions.

129. The Government also sees its future approach to surface water management making an important contribution to climate change adaptation and improving flood resilience. Key linked themes within this approach include:

- measures to secure widespread uptake of sustainable drainage systems
- amending Section 106 of the Water Industry Act (the right to connect surface water to sewers)
- surface water management plans

130. In particular, the Government envisages the surface water management planning approach becoming an important means both for further securing sound management of flood risk in new development and for creating a mechanism within which more challenging legacy issues within existing developments can be addressed. In connection with the latter, we would be looking to key stakeholders (including local authorities, water and sewerage companies and the Environment Agency), working within the surface water management planning context to determine the most effective strategies in particular areas.

131. The Government is also working to help existing home owners to adapt to climate change. This includes plans to give more help to individual home owners to protect their homes from flooding in high risk areas, and plans to set new performance standards for water fittings including WCs, dishwashers and washing machines.

## New challenges, new skills

**Recommendation 23: In the light of the dramatic financial events of the last few weeks, we recommend that the Government revisit the extent to which a target of 3 million new homes by 2020 is realistic and viable. In revising its targets, the Government should not seek to water down its environmental ambitions, but should rather seize the opportunity to strengthen them, at the same time helping the economy by investing in the skills and supply chains needed for a step-change in environmental construction standards. (Paragraph 82).**

132. The response to Recommendations 1, 2 and 3 at the beginning of this report respond to the Government's position on reviewing the target for 3 million new homes by 2020. Below we respond to the specific issue of skills in support of our housing policies.

133. The 14-19 diplomas are widely recognised as the most important change to the country's qualification system in a generation. Diplomas will provide an exciting, aspirational and stretching programme of learning for all young people, appealing to the most capable students preparing for the most demanding university courses, students planning to enter the workforce directly at 18 and those who are currently not well engaged with current school based provision. The new Construction and Built Environment Diploma was introduced in September 2008 and sustainability forms an important part of the curriculum. Sustainability also forms an important component in Construction Apprenticeships.

134. The Government takes very seriously the need to invest in skills in order to help people get back into work, retain capacity, and ensure that we are geared up for the upturn. A key priority for the Prime Minister is safeguarding and increasing apprenticeship placements and he announced on 7 January 2009 that the Government will invest £140m to create 35,000 apprenticeships in 2009-10.

135. On 9 January the Prime Minister also stressed the need for international co-operation and a focus on job creation as key elements in the fight against recession and re-iterated his commitment for more apprenticeships.

136. Other measures to support skills include:

- the 'apprentice matching service' in conjunction with ConstructionSkills, DIUS and the LSC, to help retain apprentices with employers or place them with new ones if redundancy is being considered.

- the establishment of a ‘taskforce’ by DIUS to consider what can be done to increase construction apprenticeship numbers
- the development of ‘National Skills Academies for Construction’ on larger building sites to ensure appropriate training
- the use of shared arrangements for apprenticeships by employers or local councils to help minimise the economic risk whilst maximising training opportunities, and
- making Train to Gain more flexible for small and medium sized businesses and targeting £350m to help them get through the tougher economic climate by building the skills and expertise of their workers. Although not aimed specifically at the construction and house building industry, the new train to gain package will help the construction industry due to the large number of small businesses in the sector

137. Our policy that all new homes should be zero carbon from 2016 will represent a major change in the way that new homes are built and will have significant implications for the skills required by all actors in the house building process. This is one of the practical obstacles to delivery that will need to be overcome between now and 2016.

138. In response to the Callcutt review of house building, the Zero Carbon Hub has been established to support delivery of the policy. As one of its five workstreams, the hub will work with cross-sector partners to identify, clarify and map the key delivery issues on skills and training and to identify the organisations best placed to deliver the skills and training courses.



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