

READING BOROUGH LOCAL PLAN PARTIAL UPDATE – HOUSING PROVISION BACKGROUND PAPER ADDENDUM

April 2025

1. Introduction

- 1.1 A Housing Provision Background Paper was produced in November 2024 to support the Reading Borough Local Plan Partial Update. This short document is intended as an addendum to that paper to update on some key matters, most notably the outcome of the standard method for identifying housing need.

2. Relevant version of the National Planning Policy Framework

- 2.1 Since the Housing Provision Background Paper was produced, a new version of the National Planning Policy Framework (NPPF) has been published, in December 2024.
- 2.2 Annex 1 (Implementation) of the December 2024 NPPF states that the policies in that version will apply from 12 March 2025 other than in five specified situations. One of those situations is where the plan has reached Regulation 19 on or before 12 March 2025, and its draft housing requirement meets at least 80% of local housing need (calculated using the standard method in national planning practice guidance, published on 12 December 2024).
- 2.3 The Reading Borough Local Plan Partial Update reached Regulation 19 stage on 6 November 2024, meaning that this part is fulfilled.
- 2.4 In terms of the level of housing need, this requires the application of the December 2024 standard method set out in Planning Practice Guidance, as follows:
- Step 1 - Setting the baseline – 0.8% of existing housing stock for the area
 - Step 2 - An adjustment to take account of affordability
- 2.5 The baseline for the December 2024 Planning Practice Guidance approach is 0.8% of the most recent existing housing stock for the area. At the time of writing, the most recent dwelling stock information is from 2023. The figure for Reading is 73,834, meaning that the baseline figure is 590.7 (0.8% of 73,834).
- 2.6 An adjustment is made to take account of affordability, based on median workplace based affordability ratios, unless that ratio is below 5. The formula is as follows
- $$\text{Adjustment factor} = ((\text{Five year average affordability ratio} - 5)/5) \times 0.95 + 1$$

Table 2.1: Affordability adjustment

| Input | Figure |
|--|--------|
| Five year average median workplace-based affordability ratio for Reading 2020-2024 | 8.62 |
| Minus 5 | 3.62 |
| Divided by 5 | 0.724 |
| Multiplied by 0.95 | 0.6878 |
| Plus 1 (adjustment factor) | 1.6878 |
| Baseline with adjustment factor | 997 |

- 2.7 Therefore, the outcome of the December 2024 standard method is 997 dwellings per year. The planned level of provision in the Local Plan Partial Update of 825 dwellings

per year represents 82.7% of local housing need as defined in Annex 1 of the December 2024 NPPF.

- 2.8 Therefore, the policies in the December 2024 version of the NPPF do not apply to the Local Plan Partial Update, and the previous version of the NPPF from December 2023 will instead apply, including that version of the standard method.

3. The outcome of the standard method

- 3.1 As set out in the Housing Provision Background Paper, the standard method does not form the basis for the need identified in the Local Plan Partial Update, but changes in its outcome do nonetheless form important context for the plan. The main change since the paper was produced is the publication of new workplace-based affordability ratios on 24 March 2025. This section therefore sets out the results of the standard method (prior to December 2024) including those changes.
- 3.2 Planning Practice Guidance (PPG) prior to December 2024 sets out the standard method, following four steps:
- Step 1 – setting the baseline
 - Step 2 – an adjustment to take account of affordability
 - Step 3 – capping the level of any increase
 - Step 4 – cities and urban centres uplift.

Step 1 – setting the baseline

- 3.3 The baseline uses 2014-based national household projections, using an average over 10 years starting from the current year.

Table 3.1: Step 1 of the standard method

| Input | Households |
|---|------------|
| Reading households 2025 | 70,402 |
| Reading households 2035 | 75,413 |
| Reading household growth 2025-2035 | 5,011 |
| Annual average household growth 2025-2035 | 501.1 |

Step 2 – an adjustment to take account of affordability

- 3.4 An adjustment is to be made to the annual average household growth based on the most recent median workplace-based affordability ratios. The formula to calculate the adjustment is as follows:

$$\text{Adjustment factor} = ((\text{Local affordability ratio} - 4)/4) \times 0.25 + 1$$

Table 3.2: Step 2 of the standard method

| Input | Figure |
|---|----------|
| Median workplace-based affordability ratio for Reading 2024 | 7.45 |
| Minus 4 | 3.45 |
| Divided by 4 | 0.8625 |
| Multiplied by 0.25 | 0.215625 |

| Input | Figure |
|---|----------|
| Plus 1 (adjustment factor) | 1.215625 |
| Household growth with adjustment factor | 609.1 |

Step 3 – capping the level of any increase

- 3.5 A cap is applied to limit the increase to which an individual authority is subject. In Reading's case, because its adopted strategic policy (H1) is over five years old and provides for a higher figure than the projected household growth in step 1, this is a 40% increase over the existing policy requirement. The existing policy requirement is 689 homes per year, and therefore no cap is applied and the figure remains as shown in step 2.

Step 4 – cities and urban centres uplift

- 3.6 The method finally applies a 35% uplift for those urban local authorities in the top 20 cities and urban centres list, as defined by the Office of National Statistics list of Major Towns and Cities. This defines Reading as one of the top 20 cities and urban centres and as such the uplift applies.
- 2.7 Application of the 35% uplift results in a final figure from the standard method of 822.4. This can be rounded to 822 homes per year.
- 2.8 A summary of the standard method is shown in table 2.3.

Table 3.3: Summary of the standard method

| Step | Dwellings |
|---|-----------|
| Step 1 – setting the baseline | 501.1 |
| Step 2 – an adjustment to take account of affordability | 609.1 |
| Step 3 – capping the level of any increase | 609.1 |
| Step 4 – cities and urban centres uplift | 822.4 |

- 2.9 It is worth noting that the figure generated by the standard method (822 per year) is now slightly below the housing provision figure set out in policy H1 (825 per year).

3. Impact on the exceptional circumstances case

- 3.1 As set out in the Housing Provision Background Paper, the case for exceptional circumstances applying in Reading that justify an alternative approach to assessing housing need is based on the following:
- Demographic issues stemming from the high level of Unattributable Population Change in Reading; and
 - The circumstances of Reading in relation to the other urban uplift authorities in terms of population, geographical area and extent of the urban area outside the authority.
- 4.2 In summary, none of these circumstances have changed as a result of the changes described previously in this addendum.

- 4.3 In terms of the demographic issues, the fact that the standard method remains based on 2014-based household projections, resulting in issues with unattributable population change particular to Reading, is unchanged. The conclusion of ORS in the Housing Needs Assessment was that Steps 1-3 of the standard method result in a housing need that is too low, with Step 4, the urban uplift, resulting in a need higher than locally-assessed need, and this remains the case based on updated figures.
- 4.4 In terms of the circumstances of Reading in relation to other authorities affected by the urban uplift, this is entirely unchanged since the Housing Provision Background Paper was produced.

5. Conclusion

- 5.1 The Local Plan Partial Update at submission stage continues to be based on the locally-assessed housing need set out in the Housing Needs Assessment, even though the proposed housing provision figure is now slightly higher than the outcome of the applicable standard method, as this continues to be the most robust basis for assessing need.
- 5.2 Table 5.1 is an updated version of table 7.1 in the Housing Provision Background Paper, which summarises each set of figures for clarity and ease of reference.

Table 5.1: Summary of different housing provision figures

| Source | Dwellings per year | Total dwellings 2023-2041 |
|---|--------------------|---------------------------|
| Housing provision in adopted Local Plan policy H1 (2019) | 689 | N/A |
| Housing need from Berkshire Strategic Housing Market Assessment (2016) that underpinned adopted policy H1 | 699 | N/A |
| Local housing need at 2025 using standard method from NPPF (2023) | 822 | 14,796 |
| Locally assessed housing need from Housing Needs Assessment (2024) | 735 | 13,230 |
| Assessed capacity based on HELAA 2024 | 825 | 14,849 |
| Housing provision in Submission Draft Local Plan policy H1 (2025) | 825 | 14,850 |