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THE FUTURE HOMES STANDARD – A GUIDE FOR DEVELOPERS

IT'S ON THE HOUSE WITH DAKEA

The Future Homes Standard (renamed the Future Homes and Buildings Standard in December 2021) is setting housebuilders and developers in England* some tough challenges. But however you like to say it, every cloud has a silver living … and with every challenge comes an opportunity.

Background

The built environment accounts for approximately 25-30% of UK greenhouse gas emissions, with around 14% of this coming from the UK's 28 million homes, according to the Climate Change Committee. So it is seemingly obvious that domestic properties will play a vital role in the UK's efforts to reach net zero carbon emissions.

The Future Homes Standard, which was first announced in the Government's** spring statement in 2019, is legislation that comes into effect in 2025 to ensure that any new homes built from then produce 75-80% less carbon emissions than the Building Regulations it is designed to complement.

But ahead of the Standard coming into effect, a technical specification is being consulted on this year by the Department for Levelling Up, Housing and Communities (DLUHC), and this includes proposals for extensions to domestic properties to meet new standards for warmer homes.

The Future Homes Standard aims to decarbonise new homes by focusing on improving heating and hot water systems, and reducing heat waste, by replacing current technologies with low-carbon alternatives such as triple-glazed windows and doors, very high quality building fabric (structural materials, cladding, insulation etc), and low-carbon heating through heat pumps.

It is anticipated that this, combined with additional regulation targeting existing homes, will contribute to reducing the UK's carbon emissions and achieving its net zero target by 2050.

To meet the specifications set out in the 2025 Future Homes Standard, the Government updated Parts F (ventilation) and L (energy efficiency) of the current Building Regulations at the end of 2021 and these have applied to English homes since June 2022.

In a nutshell, developers need to start building new homes which use less energy and produce lower carbon emissions, in the following areas of the Building Regulations:

Part L - energy and carbon emissions

Part F - ventilation

Part O - overheating

Part S - electric vehicle charging points

This is only the first step

The period of grace, when developers could still build under the old regulations, expired in June 2023 – the deadline for commencing building (including drainage and foundations) on a holistic development, rather than just a single plot of a development.

In an effort to simply the situation, here is our SWOT analysis of this new legislation and its implications for developers.

Strengths

The Government hoped the Future Homes Standard would go some way towards tackling climate change and act as a roadmap for the industry, and property owners and developers, to reach its net zero target for 2050.

The uplifts to Parts F and L of the Building Regulations were designed to increase the energy efficiency of homes while being a precursor to the eventual specifications of the Future Homes Standard. By taking this interim step, it is anticipated that the construction industry will be better placed to meet the specifications of the Future Homes Standard in 2025 through improved supply chains, skills and construction practices.

Property improvers will need to ensure they use energy-efficient replacements and repairs, including window replacement, installation of heat pumps, cooling systems and fixed lighting.

Altaterra Regional Sales Manager GBI - Housebuilder, John O'Sullivan said "It's an opportunity for Suppliers like Altaterra to be innovative and resourceful, working with our industry partners to help them deliver the sustainable and energy-efficient homes that our communities want and these improvements in the building standards are a collective step toward a cleaner, greener future."

Weaknesses

During the consultation on the uplift to Part L, there were concerns it was not ambitious enough in its targeted emissions savings. This raised questions about whether the revised part L is enough to prepare the beleaguered residential sector for the Future Homes Standard.

The Government had two previous attempts to assess and certify the sustainable design and construction of new homes - the Zero Carbon Homes Standard, which was scrapped in 2015, and the Code for Sustainable Homes, which also wound down that year. Let's hope that with a new Government in place, the Future Homes Standard stands the four-year test.

Opportunities

Former housing minister Christopher Pincher said in 2021 that he expects the proposals for existing dwellings to help reduce energy bills for property owners and occupants.

Certainly, if implemented correctly, the Future Homes Standard will be an important reference point for developers as it will help them identify residential assets which are well positioned in the market in the transition to decarbonised real estate.

In a simplified world, developers need only adapt their design thinking to meet the new regulations through a combination of design improvements and use of 'alternative and renewable' all-electric and low-carbon technologies.

These considerations include:

- Improving fabric, airtightness, ventilation and thermal bridging performance
- Preventing overheating
- Switching to alternative and renewable systems. If they, for whatever reason, cannot use 'alternative and renewable' systems, they will need to show they can still meet the new energy and carbon emissions standards
- The availability of electric vehicle (EV) charging points and cable routes

In addition, they should show how their properties meet the new regulations by recording those design decisions throughout and providing photographic evidence of every stage of the build. All of this should be handed to SAP assessors and building control to produce the new Building Regulations compliance reports which confirm how homes meet the new regulations.

However, a new Home Energy Model will be used in the Future Homes Standard assessment to demonstrate that new dwellings comply with the Future Homes Standard that will replace the SAP calculations currently used to assess the EPC (Energy Performance Certificate) ratings.

The key metric for measuring building performance is to be primary energy consumption, that is the energy potential of the fuel that goes into the power station to generate the electricity used in a home. The secondary metric is to be carbon dioxide emissions.

In the Future Homes Standard consultation response, the Government said: "The introduction of a primary energy metric will enable us to make good use of our nation's energy resources and prioritise the energy efficiency of each building, regardless of the heat source."

The Home Energy Model is still under development but will be introduced with the finalised Future Homes Standard in 2025.

They must also provide details for occupiers about how ventilation systems are controlled and maintained within their homes.

As an option for ventilation, all window replacements will need to be energy efficient under the Future Homes Standard.

U-values, which measure how effective a building's fabric is at preventing heat from transmitting between the interior and exterior (the lower the U-value the better - for example a roof window with a U-value of 0.99 is rated very good) are to become required as a minimum in the Future Homes Standard, and at a slightly more stringent level under the proposed 'Zero Carbon Standard'. This also applies to airtightness.

The proposed new levels published in the Government's response to the Future Homes Standard consultation are:

Thermal element	Minimum standard U-Value – W/m²K
Wall	0.18
Roof	0.13
Floor	0.13
Windows	1.4
Doors	1.0
Air permeability	5.0 m^3 /($h.m^2$)

Threats

There is a risk that the costs of implementing the Future Homes Standard will increase prices for developers if, for instance, higher-standard building fabrics raise costs (although their residents will still feel the benefits of decarbonised UK housing as increased energy efficiency reduces the costs of bills).

As part of the Future Homes Standard, no new homes will be able to connect to the mains gas network from 2025. Instead, they will have to rely on energy-efficient insulation and be heated by a low-carbon heating source such as an air source heat pump.

However, the Government's language on this changed when it published its Heat and Buildings Strategy in October 2023 when it said it plans to consult on whether it is "appropriate" to prevent new-build homes from being connected to the gas grid in England from 2025. This will be welcomed by those who perceived a ban on gas boilers as totalitarian.

So, self-reviewing this article would seem to show there are more strengths than weaknesses and far more opportunities than threats to the Future Homes Standard where developers are concerned.

With thanks to the following for their help in compiling this article.

- Tim Pullen and Joseph Mullane, with contributions from Jack Woodfield, Homebuilding & Renovating (Future Homes Standard: Our complete guide to the new targets), January 2024
- Ed Franks, CBRE, February 2023
- Future Homes Hub, June 2022

* Scotland, Wales and Northern Ireland are introducing their own changes.

** Government previous to July 2024.

KEY TAKE OUTS

- Domestic properties play a vital role in the UK's efforts to reach net zero carbon emissions.
- Any new homes built from 2025 need to produce 75-80% less carbon emissions than currently.

OUR SWOT ANALYSIS:

- **Strengths** - property improvers will need to ensure they use energy-efficient replacements and repairs, including window replacement.
- **Weaknesses** – there are questions about whether the revised Building Regulations are enough to prepare the residential sector for the Standard.
- **Opportunities** - the Standard will be an important reference point for developers as it will help them identify residential assets which are well positioned in the market in the transition to decarbonised real estate.
- **Threats** - there is a risk that the costs of implementing the Standard will increase prices for developers.