

## Home Builders Federation

### Matter 2

## MOLE VALLEY LOCAL PLAN EXAMINATION

### Matter 2 – Housing Needs and Supply

Whether the Local Plan has been positively prepared and whether it is justified effective and consistent with national policy in relation to its approach to housing.

#### Issue 1 Calculation of Local Housing Need (LHN)

The Council has calculated LHN using the Government's standard methodology. That gives a figure of 456 dwellings per annum (dpa) or 7,752 over the Plan period. It tested that figure against two alternative scenarios; the first using the Office of National Statistics (ONS) 2018 population projections giving an annual housing need of 194 dwellings per annum; the second using the Government's standard national methodology as set out in the August 2020 consultation, which gives a requirement of 563 dwellings per annum.

1. National Planning Policy Framework (NPPF) 61 indicates that strategic policies should be informed by a LHN assessment, conducted using the standard method in the Planning Practice Guidance (PPG), unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals). NPPF 61 also requires that any needs that cannot be met within neighbouring authorities should be taken into account in establishing the amount of housing to be planned for. Does the Council's calculation of housing need accord with this? Are there exceptional circumstances that would justify an alternative approach?

Firstly, the HBF do not consider there to be any exceptional circumstances to justify the use of an alternative approach to assessing housing needs. With regard to unmet needs, there is an identified shortfall arising the neighbouring areas of London and Reigate and Banstead, with Elmbridge recently publishing a plan that will fail to meet its housing needs.

In terms of an identified shortfall the London Plan identifies there is a need to deliver 66,000 homes each year over the life time of that plan 2018 to 2028 – a total of 660,000 new homes. However, the examination of the London Plan concluded that the capacity of the London's borough's in terms of housing delivery over the plan period was 522,880 – a shortfall of circa 140,000 homes. The proximity of Mole Valley to London and the direct rail links to the capital mean that any unmet need from this area will have a significant impact on the housing market in Mole Valley which must be taken into



account in establishing the amount of housing to be planned for. With regard to Reigate and Banstead the level of unmet needs identified by RBBC is mentioned at paragraph 2.73 and 2.76 of the Statement of Co-operation as being in the region of 2,100 and 2,700 dwellings. Again, this is a significant amount and one that must be a factor when considering the number of homes to be delivered in Mole Valley.

Away from identified unmet needs following the examination or review of local plans in neighbouring areas there are also local plans that being proposed that will not meet needs in full. Elmbridge Borough Council (EBC) published a local plan for its regulation 19 consultation on in June which makes no Green Belt releases and leads to a shortfall of nearly 3,000 homes.

However, the significant level of unmet needs in neighbouring areas has not, in our opinion and as we set out below, been given sufficient weight in the Council decision to prepare a plan that not only fails to support neighbouring areas but one that, by not meeting its own needs adds to the growing level of unmet housing needs in one of the least affordable areas of the south east.

2. NPPF 62 indicates that the size, type and tenure of housing needed for different groups should be assessed and reflected in planning policy and lists a number of groups, including those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to self or custom build their homes. Does the approach taken by the Council meet the above requirements?

No comment

3. Are there other relevant factors to be taken into account in calculating the LHN?

No comment

## **Issue 2 The housing requirement**

1. The Plan provides for a minimum of 6,000 homes in the Plan period (353 per year), against the LHN of 7,752 in the same period. Is the Plan justified in not meeting the full LHN for the District and is it consistent with NPPF 11b?

No. As we note in our representations, paragraph 11b of the NPPF states that the application of policies in the NPPF should provide “strong reasons” for not meeting development needs in full. As such when considering whether there are reasons for not meeting development needs the Council must have a robust evidence base supporting its position. In our representations we raised concerns that the evidence on which the Council relies is not sufficiently robust for it to justify not meeting needs in full. In particular our concerns relate to the approach taken in reviewing the Green Belt and the subsequent consideration of exceptional circumstances.

Firstly, the Green Belt Review submitted with the local plan is a two-stage assessment that failed to take a more fine-grained assessment of identified parcels as well as ruling out sites on the basis of how the loosely defined areas of land perform against the purposes of Green Belt. Whilst the Council have revisited those sites excluded on this basis in its revised Green Belt Topic paper (H19) it remains the case that the Council is still relying on its assessment based on the same ill-defined areas and as such it is debatable as to whether it is possible to make an effective assessment as to the impact of meeting needs in full on the purposes of Green Belt. As we set out in our matter 3 statement we do not consider this to provide a robust assessment that can justify needs not being met.

Secondly, in considering whether there are strong reasons for not meeting needs it is necessary to consider the counterpoint as to the impact of not meeting needs in full. In an area such as Mole Valley where there has been a consistent undersupply of housing and affordability is worsening and there are unmet needs in neighbouring areas the consequences of not meeting needs are more significant than in an area where such pressures are not present. The strength of the reasons put forward by the Council for not meeting needs must be set against this context if it is to provide a robust justification.

However, the council do not appear to have considered its position in this context. For example, the Sustainability Appraisal (A2) sets out that policy S1 will have a medium beneficial impact with no consideration seemingly given to the poor affordability of homes, the lack of supply in neighbouring areas nor the impact limiting supply will have on the delivery of affordable housing. Given that the Council is not meeting needs the only reasonable conclusion is that the Local Plan would have a negative impact on this key sustainability objective of providing sufficient homes to enable people to in a home suitable to meet their need and which they can afford. Without properly grappling with the consequences on objective 1 of the SA the Council cannot justify preparing a local plan that does not meet housing needs.

## *2. Have all realistic options for meeting the LHN in full been exhausted?*

The HBF cannot comment on whether there are site specific opportunities available to meet needs, but we are concerned that the Council's approach to reviewing the Green Belt in Mole Valley may have ruled out some sustainable and developable sites from allocation.

## *3. What are the consequences of not meeting the LHN within the Housing Market Area (HMA) for delivering a wide choice of high-quality homes, widening opportunities for home ownership and creating sustainable, inclusive and mixed communities which meet the needs of different groups in the community?*

The consequences of Mole Valley not meeting housing needs in the HMA can be seen from what has happened in the past in an area that has been slow to recognise and address the housing needs of the area. The failure to meet needs will add to a worsening picture with regard to the availability of housing in the area which will have

consequential effects both on the cost of housing and on the delivery of much need affordable housing.

Whilst we recognise there are wider issues with regard to affordability it is evident that over this time the unaffordability of housing has clearly been amplified by the lack of supply not just in Mole Valley but across the HMA. Over the last ten years Mole Valley have delivered 2,234 homes – around 223 dpa in order to meet its own assessment of needs of 391 dpa<sup>1</sup> and significantly below the 456 dpa using the standard method. By not meeting housing needs in full Mole Valley and their partners in the HMA, and indeed their neighbours such as Reigate and Banstead, will exacerbate the already bleak outlook with regard to affordability and prevent newly forming households from remaining in the Borough and needing to have their accommodation needs met elsewhere.

The most recently published data by ONS on house price to income ratios also paints a stark picture in Mole Valley with the median affordability ratio increasing from 13.36 to 14.74 in a single year. The same is true of the lower quartile house price ratio which rose from 13.14 in 2019 to 14.46 in 2020. What is also telling is that those on median incomes are priced out of housing at the lower end of the market with the ratio of median income to lower quartile housing being 10.05<sup>2</sup>. This is also part of long-term trend that has seen, for example, the median affordability ratio increases to its current level from the pre financial financial crisis level of 10.45. Elsewhere in the HMA the situation is even more concerning with Epsom and Ewell and Elmbridge the in the top four least affordable areas outside of London with median affordability ratios of 17.38 and 16.38 respectively.

This suggests a housing market that is stressed due to a range of factors that include a lack of supply. Without increases in the supply of new homes it is inevitable that the situation will continue to worsen. Mole Valley and its neighbours must therefore as a minimum ensure that identified needs of the HMA are met in full.

#### 4. Would and/or where would any unmet housing need arising in the HMA during the Plan period be met?

We could not find any evidence that that the unmet needs resulting from this plan would be met either partially or in full. Given the fact that no authority is willing to take the unmet needs of another places an even greater emphasis on Mole Valley, at the very least, meeting its own needs.

### **Issue 3 The overall supply of housing**

#### 1. Does the housing trajectory set out in the Plan provide a sound basis for meeting the identified housing need? Does it set out a supply of specific, deliverable sites for

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<sup>1</sup> Strategic Housing Market Assessment (2016) (Ref: I1)

<sup>2</sup> Lower Quartile house price in 2020 was £352,500 against median income of £35,054

years 1 to 5 of the plan period and specific developable sites or broad locations for growth for years 6-10 and, where possible for years 11-15 of the Plan, in accordance with NPPF 68?

No comment

2. Is the housing trajectory realistic and deliverable? Are there any threats to delivery?

No comment

3. Is the contribution towards housing supply from windfall justified? Is there compelling evidence that they provide a reliable source of supply in accordance with NPPF 71?

It is evident from the Five-Year Housing Land Supply paper (I11) that there has been a relatively high level of windfall in Mole Valley in previous years. However, we would question whether the Council can rely on this source over the plan period whether it should be discounted to reflect a potentially dwindling supply.

4. In broad terms, is the housing development proposed in the Plan, and set out in the trajectory, based on a sound understanding and robust evidence of viability?

No comment

#### **Issue 4 Five-year housing land supply**

The Council indicates that it is able to demonstrate a five-year housing land supply on adoption of 5.56 years against a housing target of 353 home per annum (2021-2026). Further, it confirms that it would still be able to demonstrate a five-year supply taking the period 2022-2026 and 2023-2027.

1. Will the Plan provide for a five-year supply of deliverable housing sites on adoption with specific regard to the definition of deliverable in NPPF annex 2?

On the basis of the Council housing trajectory and supply estimates the Council would have a five-year housing land supply on adoption.

2. The Council's calculation includes a windfall allowance of 242 dwellings in years four and five (121 dwellings per annum). Is there compelling evidence that they will provide a reliable source of supply, in terms of the Strategic Housing Land Availability Assessment (SHLAA), windfall delivery rates, and expected future trends, as set out in NPPF 71?

In the short term the evidence would suggest that there will be some windfall. However, we would suggest a discount on the proposed figure to reflect the fact that supply from this source fluctuates and that may be lower. In particular windfall can be lower following the adoption of a local plan and this can be seen following the adoption of the core Strategy in 2009 when windfall supply was well below rates seen before for over

5 years. We would suggest a 20% discount to windfalls in the five-year land supply to take account of any uncertainties.

3. In the context of NPPF 74, and the Council's most recent Housing Delivery Test (HDT) results, is it justified to apply a buffer of 20% within the calculation of the five year supply?

Yes. The HDT is test based on past performance and indicates that the Council have delivered just 70% of its assessed level of housing needs for each of the previous three years and as such must use the 20% buffer on needs when assessing their five-year housing land supply.

## **Issue 5: Housing policies H1-H5**

### **Policy H1: Housing delivery**

1. What is the justification for the housing requirements in relation to Neighbourhood Areas as set out in policy H1? In relation to each Neighbourhood Area, are the housing requirements justified by the evidence?

No comment

2. In not setting a requirement for specialist older persons housing, would policy H1 be positively prepared, justified, effective and consistent with national policy?

National policy and guidance do not require the need for older person's housing to be set out in policy. However, it is necessary for the local plan to be effective the policies it contains must be effective in ensuring that development needs can be met across the plan period. Therefore, it is the HBF's opinion that if the need for older person's housing is not clearly established in policy, decisions on such development will be less likely to consider whether there is an unmet need for such homes. It is therefore important that this policy sets out how many specialist homes for older people are required in Mole Valley and a commitment is made to monitoring supply against this level of need across the plan period. In addition, the HBF would also recommend that a presumption in favour of development be applied if the supply of land for such development falls below identified needs.

### **Policy H3: Affordable housing**

1. What is the justification for development sites to deliver 40% affordable housing and the tenure mixes set out in H3? Are these justified by viability evidence?

No comment

2. In treating First Homes in a similar manner to other affordable housing products, is the Plan's approach to viability justified by the evidence?

Whilst we raised this in our statements the impact of this is unlikely on its own to impact on the viability of development. However, it is necessary to ensure that the assessment take full and proper account of the costs of developing first homes both in terms of plan preparation and should there be viability challenges at a site level in future.

3. In requiring a housing mix approximately as set out in policy H3 3, depending on site characteristics, location and local housing need, would the policy requirements be justified and the policy wording effective.

No comment

4. Should the requirements, as appropriate for a late-stage viability review, be included within policy?

No comment

5. Would the policies generally provide effective wording that encourages and enables delivery of affordable housing, without placing unnecessary restrictions that would frustrate delivery.

No comment

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Planning Manager – Local Plans SE and E

**Home Builders Federation**

**Matter 3**

## **MOLE VALLEY LOCAL PLAN EXAMINATION**

### **Matter 3 – Green Belt**

Whether the Local Plan has been positively prepared and whether it is justified effective and consistent with national policy in relation to its approach to the District's Green Belt.

*1. Was the Green Belt Assessment at both a strategic and local level undertaken on the basis of a clear methodology consistent with national planning policy generally for protecting Green Belts? Was it based upon appropriate criteria and is it adequate and robust?*

Our representations raised concerns regarding the decision to rule out all sites in areas making a significant contribution to the Green Belt from part 2 of the Council's exceptional circumstances test. This process was not justified as it took no account of the nature of each site and whether the harm to the Green Belt arising from the removal of a site was significant to that area, if there was harm whether it could be mitigated sufficiently to support development, and finally whether there were exceptional circumstances supporting an amendment to Green Belt boundary to support further development. We argued that a finer grained assessment would have allowed for a more considered approach to all sites in the Green Belt put forward for allocation rather than the blanket rejection used by the Council.

Whilst the Council maintains its position to be sound and that a finer grained assessment is not a robust approach, it has revisited those rejected sites and assessed these under its approach set out in part 2 of the Green Belt Assessment. Whilst the Council may reject this approach it should be remembered that the Council cannot meet its housing needs and as such must examine all opportunities to meet those needs and not reject sites without proper consideration of the site and exceptional circumstances that may support its allocation. Had the Council been able to meet its housing needs in full then such a process may have been adequate but given the significant shortfalls in meeting housing needs we would argue that a finer grained assessment is the only reasonable approach to take.

Unsurprisingly the outcome of the Council's sense check is that it considers there to be no further amendments to the Green Belt to support development. Had the correct approach been taken during the preparation of the plan without having submitted a plan for examination the outcome may well be different. However, the correct process



was not undertaken at that time and as such the Green Belt assessment remains fundamentally flawed in relation to those sites it has rejected.

The HBF also remains concerned that the Council has used relatively ill-defined areas on which to base its Green Belt assessment, which it states on page 5 of the Green Belt Review (H6) as being a “*fairly broad brush*” approach. What is concerning in that this broad-brush approach does not appear to take account of paragraph 143(f) of the NPPF. This paragraph states that Green Belt boundaries should be defined using physical features that are readily recognisable and likely to be permanent. As such a robust approach to Green Belt Assessment would base its parcels on such features.

For example, area LH has the M25 running through the middle and separating two urban areas. Using paragraph 143 this would be split into two parcels for the purposes of assessing its performance against the purposes of Green Belt which could impact on the final assessment. Another example are areas FB and LD which includes a parcel of land that is divided from the rest of both areas by the A246 and A24. By not defining parcels clearly the Council is unable to robustly assess the relative impact of a site on the Green Belt, in that area and as whole, in relation to the recognisable and permanent features that could act as future permanent boundaries that would endure beyond the plan period.

*2. The approach to determine which rural settlements within the Green Belt are inset relies on an assessment of their contribution to openness of the Green Belt in accordance with NPPF 144 and their position in the settlement hierarchy in accordance with NPPF 142. In doing so, would the approach be justified by the evidence?*

No comment

*3. The Green Belt Review identifies changes to boundaries of some settlements inset within the Green Belt. Does the methodology used, and outcomes accord with NPPF 143, dealing with defining Green Belt boundaries?*

No comment

*4. In terms of NPPF 142, have the proposed alterations to the Green Belt boundaries taken account of the need to promote sustainable patterns of development and are they consistent with the Local Plan strategy?*

The HBF is supportive of those alterations that have been made. However, we are concerned that the Council has not fully considered the impacts of not meeting needs on social and economic sustainability. As we set out in our statements to matter 2 the decision not to allocate more sites will worsen the affordability of homes in the area and see fewer affordable homes delivered to address both current backlogs and future demands. The approach is also likely to see an increase in commuting with those working in Mole Valley being unable to afford to live there now and in future.

5. Does the Plan set out ways in which the impact of removing land from the Green Belt can be offset through compensatory improvements to the environmental quality or accessibility of the remaining Green Belt?

No comment.

6. Have all realistic alternatives to releasing land from the Green Belt been considered, such as further development in the built-up areas, increasing development densities or development in countryside beyond the Green belt? Overall, would the most efficient use of land proposed for release from the Green Belt be made in accordance with NPPF 141?

The Council appear to have examined all potential opportunities for development in the built-up areas and as such is consistent with paragraph 141 of the NPPF.

7. In overall terms, are there exceptional circumstances for the proposed alterations of the boundaries of the Green Belt, to accommodate the level of development proposed?

Yes, there are the exceptional circumstances present to support the proposed alterations of the Green Belt. However, as stated above we would consider the circumstances faced by MVDC warrant further amendments to provide for additional development opportunities.

8. Would the proposed Green Belt boundaries be clearly defined, and would they be likely to be permanent or capable of enduring beyond the Plan period?

Given the scale of the unmet needs in MVDC and the wider HMA the boundaries will not be permanent or endure beyond the plan period. The need for housing in the HMA and the lack of cooperation across the South East will mean that the boundaries are not capable of enduring beyond the plan period.