

Sent by email to: [planning.policy@molevalley.gov.uk](mailto:planning.policy@molevalley.gov.uk)

23/04/2024

Dear Sir/ Madam

### **Main Modifications to the Mole Valley Local Plan**

1. Thank you for consulting the Home Builders Federation (HBF) on the main modifications to the Mole Valley Local Plan. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

### **MM3**

This modification is unsound as it is not consistent with national policy and unjustified.

2. The approach being taken by the Council is to require development to be zero carbon ready ahead of the changes being proposed by Government in the Future Homes Standard. These new standards are currently being consulted upon and are scheduled to be introduced in 2025. Whilst the WMS states that local standard in local plans should not go beyond current or future standards it is still important that where a local plan is seeking to go ahead of the introduction of future standards that it has considered not only the impact of its policies on viability but also on the deliverability of its proposals and what its policy means in practice.
3. The Council will need to consider the impact of requiring zero carbon ready homes ahead of the Future Homes Standard on both the start dates and delivery rates of those sites expected to come forward in the first five years of the local plan given they will require the

use of heat pumps and as such require new skills to install that may not be available and increased demand on the electricity grid in the local area. These have been factored into the Government's assumptions with regard the introduction of the Future Homes Standard but do not appear to have been considered by the Council. It has been recognised by the FHH that to deliver higher standards will require phased transitional arrangements would be needed to steadily build up the skills and ensure quality. The FHH also notes in its report Ready for Zero that even if a short transition period between current standards and those similar to the Council are proposing that this would "... *create a high risk of quality problems, inflated costs and, potentially, stalled build programmes.*" As such without any consideration given to the impact of supply in the early years of the plan period ahead of the changes proposed in the Future Homes Standard the proposed modification in S2 Criterion 1.a is unjustified and inconsistent with the WMS.

4. The HBF therefore recommend that whilst the proposed deletion to S2 criterion 1.a should remain the additional text included should not be taken forward as a modification.

### **Policy MM27**

The policy is unsound as it is unjustified and inconsistent with national polic.

5. The HBF continues to consider the requirement for new development to deliver a 20% net gain to be unjustified. The Council note in ED71 the latest guidance published by Government on the 14<sup>th</sup> of February and highlight the statement that "*plan-makers should not seek a higher percentage than the statutory objective of 10% biodiversity net gain, either on an area-wide basis or for specific allocations for development unless justified. To justify such policies, they will need to be evidenced including as to local need for a higher percentage, local opportunities for a higher percentage and any impacts on viability for development. Consideration will also need to be given to how the policy will be implemented*".
6. The Council then reiterate its position set out in their examination statement indicating that they consider the evidence to be sufficient justification to support a 20% requirement. It is important to note that the Government's position is that local plan should not seek a higher requirement. This is different to a permissive policy allowing local plans to seek a higher level of BNG where justified and the HBF would argue that it should be considered a high bar with regard to the evidence required to justify such a policy. There must be very robust

evidence that the area is significantly worse than the country as whole with regard to the negative impacts on biodiversity from development and that the viability evidence has considered in detail the actual costs facing development rather than assumed costs based generalised national data.

7. The HBF does not disagree that the UK has seen a significant loss in biodiversity not just in recent past but previous centuries and as such recognise the importance of ensuring that the outcome of new development in future is that there is a net gain in biodiversity. However, it is important to recognise that in recent years new residential development has not been the driver of declining biodiversity either locally or nationally and in particular over the last 50 years. The main drivers of declining biodiversity in England, as outlined in the State of Nature Report 2023 (State of Nature Partnership, 2023), as being “*Intensive management of agricultural land, largely driven by policies and incentives since World War II, has been identified as the most significant factor driving species’ population change in the UK*”. Therefore, whilst it is important for development to ensure that it improves the natural environment the main driver of biodiversity it is important to also recognise it is not currently a significant driver of biodiversity decline in Mole Valley.
8. The Council note in their matters statement that the 5% of species in Surrey are classified as threatened which the Council note is higher than for the country as a whole. However, it is notable that the State of Nature Reports published in 2016, 2019 and 2023 note the number of species classified as threatened across England and at risk of extinction from Great Britain as a whole was 12%<sup>1</sup>, 13%<sup>2</sup> and 12.9%<sup>3</sup> respectively. This would suggest that Mole Valley and Surrey have fewer threatened species compared to the national picture. The HBF do not seek to diminish or dismiss the risks to nature in Surrey, but the evidence presented by the Council does not point to biodiversity in the area being at a greater risk to the rest of the Country and as such require residential development to deliver a higher level of BNG.
9. The Council also point to the fact that Surrey has a greater proportion of land covered by SSSIs and that Mole Valley has a higher-than-average SSSI coverage and high number of priorities, protected species. Given that such sites and species are already protected from the impacts of development it is not clear why this points to the need for new development to provide a higher level of BNG than that required by the Environment Act. In fact, it would

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<sup>1</sup> State of Nation Report 2016 page 2

<sup>2</sup> State of Nature Report 2019 page 66

<sup>3</sup> State of nature Report 2023 page 162

suggest that a significant proportion of the most important habitats and species in Mole Valley are protected and managed to ensure that new development does not impact on these sites or species. Similarly, any impact on protected habitats from housing, such as recreational impacts, are minimised through the provision of suitable alternative natural greenspace (SANG). When considering a higher level of biodiversity gain it must be recognised that development is already required to undertake other actions that will ensure protected habitats and species are not impacted negatively by development.

10. Given that the Government has stated that plan makers should not seek to apply a higher level of BNG the evidence presented is clearly insufficient to state that a 20% BNG requirement is needed in Mole Valley.
11. With regard to viability the Council have set out in Table 14 a number of schemes that have come forward that are able to deliver above 10%. Firstly, it is not clear which metric was used to calculate the increase in habitat on each of these applications. There are differences between earlier metric and metric required by regulations that could impact on the amount of net gain that is achieved. Secondly the information does not set out whether viability assessments have been submitted alongside this plan and whether all policies requirements asked of them can be delivered. The evidence also highlights the significant variability as to what level of net gain can achieved onsite. It is inevitable that some sites will be able to deliver beyond 20%, especially where the baseline level of biodiversity is low. However, others with higher levels of biodiversity will be unable to deliver the statutory minimum on site and requiring the purchase of offsite credits in order to meet the higher percentage.
12. For example, it is often assumed that PDL sites will have a relatively low baseline level of biodiversity. However, such sites can sometimes fall into the category of a biodiversity rich habitats classified as Open Mosaic Habitat (OMH) where species can be rarer than those found on farmed countryside. These are considered to be areas of high distinctiveness and would be required would result in the loss of 6 units/ha rather than 2units/ha for bare ground. Such habitats are also difficult to create and as such require 1ha of OMH to be replaced with 1.9ha of the same habitat of the same quality. However, until the baseline assessment is undertaken it is not known what habitats occur and the difficulty of meeting the required level of BNG.
13. These are considerations that cannot easily be factored into development typologies and plan wide viability assessments which are by their very nature make generalised

assumptions about the costs of BNG. The Council's Viability Assessment uses the costs used in the 2019 Impact Assessment (IA). Whilst in the absence of other costs these have been used across the country for assessing viability. However, it must be noted that the IA is an examination of the broad costs to the development industry based on a range of assumptions that will not necessarily reflect the type and location of development coming forward in Wealden and the costs of delivering BNG. In addition, the cost of creating and maintaining one hectare of habitat on site is based on 2017 study by Natural Trust, RSPB, and the Wildlife Trust in relation to farms and not residential development. In particular the on site management costs may well be higher compared to the study and the Council will need to provide evidence to what these costs are rather than rely on those set out in the IA.

14. Furthermore, the IA makes no consideration as to the potential reduction in the developable area in order to deliver at least 50% of net gains on site. This is the assumption made in the central estimate and which used in the Council's VA. In some cases, this may have limited impact whereas on some sites it will impact significantly on the number of homes delivered. These assumptions will need to be tested with regard to allocated sites to understand the degree to which BNG can be delivered on site whilst still delivering expected levels of development. For the typology testing we would suggest that the council should undertake sensitivity testing to consider the impacts of having deliver more BNG offsite.
15. Finally in using the cost estimate in the IA the Council are underestimating the cost of offsite delivery to meet net gains. The IA applies a cost of £11,000 per offsite credit. This much lower than current prices in the market which are in the region of:
  - £30-50,000 per Grassland unit.
  - £30-50,000 per Hedgerow unit.
  - £30-50,000 per scrubland unit.
  - £30-50,000 per individual tree.
16. These costs could also be higher still if there are insufficient credits locally. If credits are bought elsewhere then the spatial risk multiplier in the BNG Metric will increase the number of credits that are required. It will therefore be necessary for the Council to set out whether there will be sufficient credits to deliver net gains offsite within Mole Valley. If not, then the costs in the VA will need to be increased. It should also be noted that a 20% BNG requirement will in many cases require more offsite delivery if a developer is to maintain viable levels of housing delivery on site. This will mean that it is likely that more than 50%

of the BNG required on site will be delivered off site and that this will place additional demand for credits within Mole Valley potentially increasing the price per unit.

17. However, the council does not appear to have undertaken any work either generally or in relation to the sites allocated in the local plan as to the cost of delivering BNG on site in Mole Valley nor the level of credits that might be needed to meet the 20% BNG requirement. Whilst it will be difficult to assess the impact in relation to general typologies it will be necessary for the Council to undertake a more detailed assessment as to the impact of BNG on allocated sites. Without any understanding as to the impact of BNG on the level of development that can be achieved on allocated sites, or the potential level of credits required to ensure they can deliver a 20% net gain the policy is not justified. With regard to typologies, we would suggest that more local evidence is required as to the likely impact. If this evidence is not available, then the Council must revert to the 10% required by the Environment Act 2021.
18. As set out earlier the Government have stated that plan makers should not seek to require a higher level of BNG unless justified. It is therefore for the council to robustly justify why it is both needed and that it has fully considered the impact of a 20% requirement on development viability. It is clear to the HBF that the Council have not achieved what must be seen as a high bar and as such the 20% requirement must be removed from the plan.
19. If it is considered sound to maintain the 20% requirement the policy must recognise that the whilst the statutory 10% is fixed the additional 10% can be reduced where this impacts on the viability of development. Given the concerns raised above with regard to the difficulties of assessing the cost of BNG and a Local Plan Viability Assessment the Council must be clear that it will reduce the 20% to the statutory minimum in order to support the delivery of new development. Paragraph 58 of the NPPF recognises that there will be circumstances where development cannot meet all the policy costs placed on it by the local plan and that negotiation may be necessary in order to ensure a development can come forward. References to viability were mentioned in the submitted plan and it is necessary to allow for any BNG required above the statutory minimum to be reduced.
20. The HBF recommends that if the 20% requirement is considered by the inspector to be sound that part a is amended to read:

*“To implement the general biodiversity gain condition, a Biodiversity Gain Plan demonstrating a biodiversity net gain, where viable, of at least 20% must be*

*approved before development commences. Where it is shown that 20% is not viable the statutory minimum of 10% will be required.*

**MM31**

This modification is unsound as it is not consistent with national policy and unjustified.

21. As set out in our response to MM3 the amendments relating to homes being zero carbon ready are unjustified. The proposed deletion of references to the building regulations should be maintained by the proposed additional text is unjustified and should not be taken forward.

Yours faithfully



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