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23/02/2018

Dear Sir/ Madam

### **Response by the House Builders Federation to the Reigate and Banstead Development Management Plan 2018 to 2027**

Thank you for consulting the Home Builders Federation (HBF) on the Development Management Plan (DMP). 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.

The HBF does not comment on the merits or otherwise of individual sites therefore our representations are limited to the development management policies of the DMP. In particular we have concerns regarding the soundness of policies: DE6 Affordable housing; DE7 Specialist Accommodation; CCF1 Climate change mitigation; and TAP1 Access, parking and servicing.

We consider that parts of these policy are not consistent with national policy and insufficient justification has been provided for these departures. We hope these comments are helpful and we would welcome, in due course, participating in the relevant hearing sessions during the Examination in Public.

#### **Policy DES6: Affordable housing**

Part 2 C of this policy is unsound as it is inconsistent with national policy and insufficient justification has been given to support this departure. The policy is also ineffective in seeking to address affordability and affordable housing delivery in the Borough.

Part 2c of policy DE6 sets out the Council's intention to require a financial contribution for affordable housing on sites of less than 10 units and no more than 1000sqm. This is inconsistent with paragraph 23b-031 of Planning Practice Guidance and the ministerial statement published on the 2 March 2015.

As the Council set out in their paper on this policy the history behind the Government's small site exemption policy and the Ministerial Statement that brought it into national policy is long and tortured. However, what must be remembered is that following the various legal challenges the final decision was that the Government were able to introduce new policy in this manner and that it should be given the same weight as if it

were in the National Planning Policy Framework. However, as the final judgement rightly addressed this is one material consideration amongst many that the Council must consider but, having said that, significant weight must be attached to national policy. This means that in order to depart from such a key part of the Government's policy framework the bar must be set very high.

Before considering the Council's evidence base it is worth reiterating why the Government introduced this particular policy. The Ministerial Statement is clear that the reason for introducing this policy was to "ease the disproportionate burden of developer contributions on small scale developers". This is distinct from whether or not such development are viable in general but whether they are a disproportionate burden on a specific sector that faces differential costs that are not reflected in general viability assessments. These costs have led to a reduction in the number of small and medium (SME) sized house builders. Analysis by the HBF<sup>1</sup> shows that over the last 30 years changes to the planning system and other regulatory requirements, coupled with the lack of attractive terms for project finance, have led to a long-term reduction of total SME house builder numbers by about 70% since 1988. The Government is very anxious to reverse this trend and increase the number of small businesses starting up and sustaining this activity. Improving business conditions for SME home builders is the key to long-term supply responsiveness.

It is also worth considering the Government's broader aims for the housing market. This is most clearly set out in the Housing White Paper (HWP). Their aims are not just to support existing SME house builders but to grow this sector again which was hit hard by the recession with the number of registered small builders falling from 44,000 in 2007 to 18,000 in 2015<sup>2</sup>. To grow the sector one key element has been to simplify the planning system in order to reduce the burden to new entrants into this market. Therefore, the focus of the Council should be on freeing up this sector of the house building industry rather than seeking to place financial burdens that the Government have said should not be implemented.

The Council have outlined, in the DMP and the paper supporting this policy, the importance of addressing the poor affordability within Reigate and Banstead. We would agree this is an important issue as the area has a worsening trend with regard to affordability. However, in addressing the issue of affordability and affordable housing provision we would suggest that the Council are unlikely to address these concerns through collecting financial contributions from smaller sites. The reason for the increasing house prices and poor affordability is the fact that housing needs is much higher than delivery. Between 2018 and 2028 the number of households is expected to grow by 8,273. However the Council are only expecting to deliver a total of 4,483 new homes. There is a significant gap between delivery and the baseline need arising from household growth. This will inevitable put increasing pressure on house prices worsening affordability and increasing the need for affordable housing. The issue of affordability and affordable housing delivery is, therefore, unlikely to be addressed by

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<sup>1</sup>[http://www.hbf.co.uk/?eID=dam\\_frontend\\_push&docID=25453&filename=HBF\\_SME\\_Report\\_2017\\_Web.pdf](http://www.hbf.co.uk/?eID=dam_frontend_push&docID=25453&filename=HBF_SME_Report_2017_Web.pdf)

<sup>2</sup> Fixing our Broken Housing Market, Department for Communities and Local Government, February 2017

requiring financial contributions on smaller sites but through a focussed review of their Core Strategy and the Council's currently suppressed housing requirement.

In conclusion, the Council's focus on the general viability of affordable housing delivery on small sites and the impact of the previous policy is, in part, missing the broad scope of the Government's policy to support the growth of this particular sector and see it thrive once more. As such we do not consider the Council to have justified a departure from national policy with regard to the small site exemption. The policy will continue to be a burden to SME house builders and in particular to new entrants into the market. In addition the outcomes of the policy are likely to be ineffective in delivering the scale of affordable housing required to meet needs in Reigate and Banstead. As such part 2(c) of this policy should be deleted.

### **Policy DE7: Specialist Accommodation**

Part e(ii) is unsound as it is inconsistent with national policy.

Part e(ii) of this policy is inconsistent with national policy. Paragraph 56-009 of PPG states that: "Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling." The Council should therefore not apply the higher level Part M4(3) to market homes. The Council should amend this part of the policy and clearly state that this will not apply to market homes.

### **Policy CCF1 – Climate change mitigation**

This policy is unsound as it is inconsistent with national policy

The HBF does not generally object to local plans encouraging developers to include renewable energy as part of a scheme, and to minimising resource use in general, however it is important that this is not interpreted as a mandatory requirement. This would be contrary to the Government's intentions, as set out in ministerial statement of March 2015<sup>3</sup>, the Treasury's 2015 report 'Fixing the Foundations'<sup>4</sup> and the Housing Standards Review, which specifically identified energy requirements for new housing development to be a matter solely for Building Regulations with no optional standards.

The Deregulation Act 2015 was the legislative tool used to put in place the changes of the Housing Standards Review. This included an amendment to the Planning and Energy Act 2008 to remove the ability of local authorities to require higher than Building Regulations energy efficiency standards for new homes. Transitional arrangements for existing plan policies were set out in a Written Ministerial Statement in March 2015.

As written part 1b of the policy could be considered to require applicants to comply with an energy efficiency standard that exceeds that required by Building Regulations. We would suggest that the policy be amended to encourage the adoption of energy

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<sup>3</sup> [www.gov.uk/government/speeches/planning-update-march-2015](http://www.gov.uk/government/speeches/planning-update-march-2015)

<sup>4</sup> <https://www.gov.uk/government/speeches/fixing-the-foundations-boosting-britains-productivity>

efficiency measures and the use of renewable and low carbon energy sources. This would more accurately reflect the intention of Government is to improve energy efficiency through Building Regulations not through planning policy.

### **Policy TAP1 – Access, parking and servicing**

#### Part c on parking standards is unsound as it is inconsistent with national policy

We recognise that the provision of adequate parking is an important aspect of most residential developments. However, it is important to recognise that where developments are sustainably located, and the costs of providing a high level parking would make a development unviable then, any standards proposed by the Council will be reduced. This is particularly important in higher density town centre schemes where parking provision is likely to be basement provision which is significantly more expensive than ground level parking. The Council has, to some extent, recognised this in Annex 4 which on page 175 states that the residential standards could be varied at the discretion of the Council. However, we do not consider this to offer a sufficiently clear policy for decision makers (as required by paragraph 154 of the NPPF) and suggest that TAP1 be amended to reflect the need for flexibility and viability as established respectively in paragraph 14 and 173 of the NPPF. We would suggest the inclusion of the following sentence in part c of TAP1:

*“Parking standards may be varied as appropriate based on the viability and/or location of a development.”*

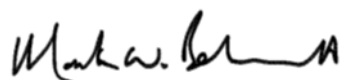
### **Conclusion**

At present we do not consider the plan to be sound, as measured against the tests of soundness set out in paragraph 182 of the NPPF, in the following key areas:

- The policy on affordable housing is inconsistent with national policy on the exemption of small sites from developer contributions and ineffective in seeking to meet the Council’s objectives; and
- The policy on wheelchair accessible homes is inconsistent with national policy.

We hope these representations are of assistance in taking the plan forward to the next stage of plan preparation and examination. I would also like to express my interest in attending any relevant hearing sessions at the Examination in Public. Should you require any further clarification on the issues raised in this representation please contact me.

Yours faithfully



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