

Update to the Self and Custom Build Homes Register Entry Requirements

Summary

The Self and Custom Build Register identifies individuals and association of individuals who are seeking to acquire serviced plots of land in Surrey Heath. Entry on to the register is by application.

In March 2018 Surrey Heath introduced a Local Connection Eligibility Test to introduce a requirement for entrants to Surrey Heath's Self-Build and Custom Housebuilding Register to have a connection to the Borough.

The Council has a duty to grant planning permission for Self and Custom Build homes to meet identified needs as evidenced from the Register. It is therefore important that the local connection and other tests are as robust as possible.

Executive approval is sought to update the current Local Connection Test with tighter criteria requiring entrants to demonstrate a stronger link to the Borough. In addition approval is sought for the introduction of a fee for applicants to enter and remain on the register and for a Financial Solvency Test.

These steps will ensure that the demand identified in the Register is a more accurate reflection of needs in the Borough and ensures the most effective use of limited land available for development in the Borough. In addition it will prioritise those with the strongest local connections to the Borough in the Register.

Portfolio: Planning & People

Date Portfolio Holder signed off report: 14/1/20

Wards Affected

All

Recommendation

The Executive is advised to RESOLVE that

- i) the amendments to the Self and Custom Build Register entry requirements, as set out in this report, be agreed;
- ii) the Local Connection Test be revised to ensure a tighter criteria for those applicants who can demonstrate a strong and specific link to the Borough;
- iii) a fee to enter and remain on the register be introduced; and
- iv) a Financial Solvency Test be introduced.

1. Resource Implications

- 1.1 The fee paid to enter and remain on the register will cover administrative costs. There are no resource implications beyond that provided for within the agreed budget for 2019/20.

2. Key Issues

- 2.1 In accordance with the Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016), all Councils must maintain and regularly update a Self-Build and Custom Housebuilding Register. The Regulations also allow relevant authorities to set local eligibility criteria in the form of a Local Connection Test. The Register can then be divided into two parts. Part 1 is for those individuals and associations who meet both the Local Connection Test and the national eligibility criteria. Part 2 is for those individuals and associations who do not satisfy the Local Connection Test, but do meet the national eligibility criteria.
- 2.2 The Acts place a 'duty to grant planning permission' on Councils, whereby entries on Part 1 of the Register are counted towards the number of suitable serviced plots that must be granted planning permission. Accordingly, it is a requirement that following each annual base period of 12 months, the Council has 3 years in which to grant planning permission an equivalent number of plots of land for self-build and custom build home as there are entries to Part 1 of the Register for that base period.
- 2.3 Surrey Heath introduced a Self-Build and Custom Housebuilding Register in 2015, in accordance with the Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016). The Register currently has a total of 76 applicants on Part 1 and 281 applicants on Part 2.

Local Connection Test

- 2.4 In March 2018 Surrey Heath introduced a Local Connection Test for eligibility to the Council's Self-Build Register to ensure plots are only granted for residents with a local connection to Surrey Heath. Setting the Local Connection Test sought to ensure that Part 1 of the Register is a reasonable reflection of the demand for serviced plots of land in Surrey Heath.
- 2.5 A review of the Local Connection Test has recently been undertaken and has concluded that it should be made more robust to ensure that only those with a strong local connection to the Borough are entered onto Part 1. At present there are a wide range of family connections considered suitable to establish a connection with the Borough and lack of a need to demonstrate a connection to the Borough. Such an approach reflects that developed by other Councils.
- 2.6 The current Local Connection Test and revised changes to the Local Connection Test can be seen at Annexes 1 and 2.

Financial Solvency Test

- 2.7 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) also allows for the introduction of a Financial Solvency Test to determine if the person applying to be on the Register has the financial ability to purchase land and fund the construction of their project. Currently entrants onto the Register for Surrey Heath do not have to demonstrate whether they can afford to pursue a self-build project. If a test is not introduced, the Council may end up delivering plots that are not ultimately realised for self and custom build. This would be an inefficient use of time and resources, and may inhibit land being made available for residential development in a timely manner. A Financial Solvency Test is therefore proposed to enable the Council to have a more robust understanding of actual demand for self and custom build plots.
- 2.8 The Financial Solvency Test will require individuals and associations of individuals to self-certify that they have sufficient financial resources to purchase land for their own self-build and custom housebuilding. The Council will undertake spot checks of applicants' financial information to confirm whether an applicant is suitable for entry on the register.

Fee Charging Schedule

- 2.9 National Policy also allows for relevant Local Authorities to charge an initial entry fee for those to enter and an annual fee to remain on the Register on a cost recovery basis. This must be proportionate and reflect genuine costs incurred by the Council in administering the Register.

	Individual	Associations
Initial Part 1 inclusion fee	£75	£125
Annual Part 1 Fee	£30	£30
Initial Part 2 inclusion fee	£75	£125
Annual Part 2 Fee	None	None

The above fees reflect the reasonable costs likely to be incurred including assessment of documents submitted, potential requests for additional information, correspondence with applicants and other associated administration. The fees proposed are comparable to the fees introduced by other neighbouring authorities, as set out in the tables below:

Hart

	Individual	Associations
Inclusion fee Part 1	£75	£125
Inclusion fee Part 2	£75	£125
Annual Fee Part 1	£30	£30
Annual Fee Part 2	None	None

Runnymede

Inclusion fee	£65
Annual Fee	£60

- 2.10 Upon the implementation of the revised Local Connection Test, Financial Solvency Test and cost recovery fees, existing entrants on the register will be contacted to update their information. Any entrants on Part 1 of the register who fail to meet the Councils revised criteria in respect of local connections and financial solvency will be moved to Part 2 of the register. Existing entrants who fulfil the Local Connection Test and Financial Solvency Test will remain on Part 1, subject to receipt of payment of the annual fee. Existing entrants on the Register will not be required to pay an initial fee to enter Part 1.

3. Options

- 3.1 The options for the Executive to consider are:

- a) AGREE to revise the Local Connection Test, introduce a Financial Solvency Test and to introduce fees to enter onto, and remain on the Register on a cost-recovery basis.
- b) AGREE to revise the Local Connection Test, introduce a Financial Solvency Test and to introduce fees to enter onto, and remain on the Register on a cost-recovery basis, with modifications; or
- c) NOT AGREE to revise the Local Connection Test, introduce a Financial Solvency Test and to introduce fees to enter onto, and remain on the Register on a cost-recovery basis.

4. Risk Management

- 4.1 If Surrey Heath chooses not to introduce the proposals set out in this report, the Council is likely to be required to grant planning permission for a significant number of self and custom build plots which exceed genuine needs in the Borough. This may also result in delivering plots that are not ultimately realised for self and custom build, which would be an inefficient use of time and resources and may inhibit land being made available for residential development in a timely manner.

5. Proposals

- 5.1 It is proposed to:
- update the Local Connection Test criteria regarding residency and employment in the Borough;
 - introduce a fee for applicants to join and remain on Part 1 and Part 2 of the Register as set out in the table above;
 - introduce a self-certification Financial Solvency Test for applicants wishing to enter on to the register.

- 5.2 The Council will also contact those entrants already on the Self-Build Register informing of them these proposals and the fees payable to remain on the Register. Existing entrants will be asked to update their details and their entry on the Register will be adjusted accordingly.

6. Corporate Objectives And Key Priorities

- 6.1 The implementation of a Local Connection Test, Financial Solvency Test and entry fees underpins Objective 3 of the Corporate Plan: *People - building and encouraging communities where people can live happily and healthily* by ensuring that efficient and effective use of land is made in order to fully address housing needs within the community. Furthermore, it also underpins Objective 1 - *making Surrey Heath an even better place where people are happy to live*, by ensuring people with a strong local connection to Surrey Heath, including existing residents, are given priority for entry to the Self-Build Register.

7. Policy Framework

- 7.1 The Self-Build and Custom Housebuilding Register forms part of the evidence base that informs policy making in the emerging Surrey Heath Local Plan.

8. Legal

- 8.1 The duty to provide sufficient planning permissions to meet demand for self-build and custom housebuilding introduced by the 2016 Regulations is mandatory. The ability to update the Local Connection Test criteria, introduce fees and a Financial Solvency Test is discretionary but recommended in order to comply with the Regulations, in particular, the '*duty to grant planning permission*'.

9. Other Matters

- 9.1 In relation to governance, sustainability, equalities impact, human rights, community safety, PR and Marketing there are no matters arising from the review of the Local Connection Test criteria, introduction of fees for entry and to remain on the Register and the introduction of a Financial Solvency Test.

Annexes	Annex 1 – Current Local Eligibility Testing Annex 2 – Local Connection Test Updated Criteria
Background Papers	None
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