

## **Response to Changes to the current planning system consultation Surrey Heath Borough Council**

This response is prepared within the following local context. Surrey Heath Borough lies in the north west corner of Surrey and adjoins the counties of Berkshire and Hampshire. The north and east of the Borough are mainly areas of countryside and heathland. The western half of the Borough is mainly urban in character. Nearly half of the Borough is designated as Green Belt and all residential development in the Borough is affected by the Habitat Regulations due to the proximity of the Thames Basin Heaths Special Protection Area.

The Council has prepared a significant evidence base to inform an emerging Local Plan (Regulation 18 consultation due in 2021) based on the current standard method. Meeting the current housing figure of 332 per annum is in itself proving a challenge having regard to the constraints identified above. The Hart Local Plan Examination Inspector recognised those constraints and identified that Hart could deliver 731 dwellings from unmet need within Surrey Heath over the Hart Plan period. This is reflected in the Hart Local Plan adopted in April this year.

### **The standard method for assessing housing numbers**

In addition to responding to the questions below the Council would make some additional comments about the general approach to setting housing numbers. The Council considers that the Government has not taken the opportunity to take a holistic view of a number of influencing factors as to how a national housing strategy might look. Factors such as the long term implications of Covid-19 and whether some areas have largely reached capacity for significant additional housing having regard to available infrastructure and environmental constraints have had no recognition in informing the future spatial distribution of housing. Instead the use of a mathematical calculation takes no account of proper planning issues, nor of potential long term implications of Covid-19 and how people will choose to work and the impact of this on where they live.

The Council recognises that the Planning White Paper proposes that land use constraints will be built into a future binding target and further comments will be made in response to that consultation.

**Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10 year period?**

The Council is unclear why housing stock levels have been used as a new element for calculating housing need. This would mean that those areas that have taken significant levels of growth in previous years would show as having a greater need and would result in a continuation of existing development patterns without regard to social and environmental factors. The Council would question whether this is a good indicator of future housing need.

The proposed new standard method results in a significant increase in housing need in the Borough (332 dpa to 408 dpa) which is significantly constrained as set out at the start of this consultation response. The Council recognises the benefits of using household projections in assessing housing need. However, it would suggest that rather than a 'higher of' approach, a blended approach of the two measures is used so that a proportional increase of the lower figure is taken.

**Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, why not?**

Please see response to question 1 above. It is not clear how 0.5% has been chosen as an appropriate proportion and therefore on what basis it has been justified as a relevant factor for calculating housing need. For Surrey Heath there is a significant difference between the existing stock baseline and household projections baseline, and as suggested above a blended approach of the two elements (such as a mid point) would ensure that outcomes from both sources rather than one are built into the standard method.

**Q3: Do you agree that using the work place based median house prices to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not please explain why.**

The Council agrees with this approach.

**Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability had improved? If not please explain why.**

Whilst the Council recognises that this measure indicates whether affordability has improved or worsened the Council has some concerns with this approach. There may be a number of reasons why affordability has changed in recent years including for example regeneration of urban areas, or new settlements which initially command higher new build prices than existing stock. Including adjustments for both current affordability issues and additionally for changes in affordability over time would seem to make two adjustments for essentially the same issue.

**Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.**

The Council considers that the weighting given to affordability is too high in particular the multiplication of the difference between the latest affordability ratio and the ratio 10 years ago by a factor of 0.25. Current affordability issues are already adjusted for in the previous step in the calculations and the Council does not consider that this additional uplift is justified in view of the uplift that has already been included for current affordability.

**Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:**

**Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?**

**Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?**

**If not, please explain why. Are there particular circumstances which need to be catered for?**

The Council does not agree that authorities should be planning having regard to the revised standard method need figure from the publication date of revised guidance. Surrey Heath Borough Council is currently working on a new Local Plan to cover the period 2019 – 2037 and is due to publish a Regulation 18 consultation in 2021. Both the Changes to the current planning system consultation and the Planning White paper make it clear that the standard method is only the starting point and does not establish the housing requirement. Government is proposing through the Planning White paper to set binding housing requirements having regard to the constraints within each individual local authority. Having regard to the level of constraints within Surrey Heath and the plan making stage it would be more effective for the local authority to understand the likely binding housing requirement in preparing its plan rather than allocate resources to developing evidence on a housing need figure that is likely to be subject to short term binding changes.

Much of the Councils evidence base has been prepared, at significant cost on the current standard methodology. The Council would therefore seek a more flexible approach to the use of current housing numbers.

### **Delivering First Homes**

**Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):**

**i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.**

**ii) Negotiation between a local authority and developer.**

**iii) Other (please specify)**

For areas such as Surrey Heath, house prices are well above the national average, and therefore even with First Home scheme discounts, it would not be feasible for large sections of our local community to purchase discounted market housing.

The Council considers that if First Homes is implemented as proposed then the most appropriate option for the remaining 75% would in the first instance to reflect current local plan policy (option i) with any future approach to be determined through a Local Plan review having regards to the introduction of First Homes and priorities for local housing needs. This Option would minimise delays in determining applications. This is subject to an affordable housing policy remaining within Local Plans in the proposed new Local Plan system.

**With regards to current exemptions from delivery of affordable home ownership products:**

**Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to apply to this First Homes requirement?**

The Council has no objection to existing exemptions including those relating to Build to Rent, and specialist accommodation for those with special needs applying to First Homes.

**Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.**

No further comments.

**Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views**

No further comments

**Q12: Do you agree with the proposed approach to transitional arrangements set out above?**

Due to the early stage of the Local Plan, Surrey Heath is likely to need to include the requirement for First Homes in emerging Policy. The consultation proposals are slightly unclear as to whether the transitional period will start from the date of new planning policy or relevant legislation and this should be clarified. Little reference is made to the additional resources that will be required by local authorities to implement First Homes and measures will need to be in place to ensure that this initiative is properly resourced.

With regards to the progress of planning applications, the Council welcomes the flexibility to seek alternative mixes, in line with adopted policies and evidence where significant progress has been made. No guidance is given as to the approach to large sites, for example with outline permission and to be brought forward over a number of years in phases and it would be helpful if this could be clarified.

**Q13: Do you agree with the proposed approach to different levels of discount?**

The Council supports the ability to be able to set a higher discount based on local circumstances.

**Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?**

The Council considers that in order to maximise affordable housing that a proportion of market housing should only be allowed where it can be demonstrated that the site is not viable without it.

**Q15: Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?**

The Council has no objection to the removal of the site size threshold but would suggest that Local Plans define what would be proportionate.

**Q16: Do you agree that the First Homes exception sites policy should not apply in designated rural areas?**

The Council has no objection to First Homes Exception Sites not applying in designated rural areas. However, it is concerned that in other rural areas such sites would command a higher land value than rural exception sites resulting in fewer opportunities to provide affordable rented schemes.

**Supporting small and medium sized developers**

For each of these questions, please provide reasons and / or evidence for your views (if possible):

**Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?**

The Council recognises the importance of small and medium sized builders but does not agree to raising the small sites threshold for affordable housing for a limited period. There is a significant need for affordable housing in Surrey Heath and there are already delivery issues in the Borough which means that the adopted Core Strategy target for affordable housing delivery is not being met. Whilst the intention of proposals is to protect SMEs, there are likely to be negative consequences for local residents, particularly in localities such as Surrey Heath, where access to affordable housing (both rented affordable housing or subsidised home ownership housing) is challenging for many local people.

The proposed changes would have a significant impact on affordable housing delivery. We estimate the measure will result in the delivery of 68 fewer affordable homes over the 1.5 year period. There is a possibility that the lack of affordable housing delivery could further constrain the market, and make it more difficult for groups in housing need.

This proposal would limit the Councils ability to deliver affordable housing and provide appropriate homes for those who need it. Whilst it is proposed that this approach would be time limited, this change would have implications on the delivery of affordable housing over a longer time period as developments without affordable home provision are built out over the lifetime of their permission.

The Council therefore considers that other measures as set out in question 23 should be explored first.

**Q18: What is the appropriate level of small sites threshold?**

- i) Up to 40 homes**
- ii) Up to 50 homes**
- iii) Other (please specify)**

Please see Q17 above. If this proposal is to be introduced the Council would seek the lower threshold so as to minimise the impact on affordable housing delivery. Based on information in the 2018/19 Authorities Monitoring Report and those sites on which there were completions during that year, if either of these higher thresholds were introduced then this would have excluded 6 out of the 11 qualifying sites listed in delivering affordable housing.

**Q19: Do you agree with the proposed approach to the site size threshold?**

The Council does not agree in principle to proposals that would reduce the delivery of affordable housing. If this proposal is to be introduced then it has no objection to consequent site size amendments.

**Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?**

If this proposal is introduced the Council would support a temporary rather than a permanent change.

**Q21: Do you agree with the proposed approach to minimising threshold effects?**

If this proposal is introduced the Council would support provisions that ensure that developers are not able to phase or break up sites into smaller parcels to avoid the need for affordable housing delivery. The Council would also need provisions to ensure it can resist development proposals that are deliberately planned so as to fall just under the threshold so as to avoid the need to provide affordable housing, particularly where this would prejudice an efficient use of land.

**Q22: Do you agree with the Government's proposed approach to setting thresholds in rural areas?**

The Council would support thresholds in rural areas being unchanged. However, it would comment that raising the threshold for affordable housing is likely to have a greater impact in rural areas where sites tend to be smaller.

**Q23: Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?**

A survey of SMEs by the Federation of Master Builders in 2019 identified a range of burdens on SMEs that were considered to be more significant than S106 agreements. These were the availability of land, the planning system (costs and delays) and lack of finance. Whilst this survey was prior to Covid-19 the Council considers that there are other matters which should be explored in more detail to support SME's before allowing a reduction in affordable housing. The Council recognises that some of the changes proposed in this consultation and the Planning White Paper may address some of these issues as well.

### **Extension of the Permission in Principle consent regime**

New residential development in the whole of Surrey Heath is affected by the Habitat Regulations as the Borough lies wholly within 5km of the Thames Basin Heaths Special Protection Area. The consultation document and Planning Guidance makes clear that permission in principle should not be granted for development which is habitats development. Whilst an appropriate assessment which demonstrates that the integrity of a protected site may mean that permission in principle can be granted, the lack of available mitigation in the Borough means that this is unlikely.

The Council does not therefore consider that the proposed changes to the Permission in Principle regime will have a significant impact in the Borough and does not propose to respond to the consultation questions below.

#### **Q24: Do you agree that the new Permission in Principle should remove the restriction on major development?**

The Council has no response to this question as it does not consider that this matter will have any impact on the borough due to the Thames Basin Heaths SPA.

#### **Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

#### **Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

#### **Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:**

- i) required to publish a notice in a local newspaper?**
- ii) subject to a general requirement to publicise the application or iii) both?**
- iv) disagree**

**If you disagree, please state your reasons.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q30: What level of flat fee do you consider appropriate, and why?**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q31: Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q32: What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q33: What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

**Q34: To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.**

The Council has no response to this question as it does not consider this matter will have any impact on the Borough due to the Thames Basin Heaths SPA.

## **Public Sector Equality Duty**

**Q35: In light of the proposals set out in this consultation, are there any direct or indirect impacts in terms of eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations on people who share characteristics protected under the Public Sector Equality Duty?**

**If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?**

The Council has not identified any direct or indirect impacts but would assume that these proposals are subject to an Equalities Impact Assessment. As set out in our previous response on the First Homes consultation we consider that First Homes may impact on the provision of social rented and affordable rented housing which is of greater need than discounted market housing. As such there may be a detrimental impact upon protected groups and those most in need of housing support.