

Sent by email to: planning.policy@molevalley.gov.uk

31/08/2017

Dear Sir/ Madam

Response by the House Builders Federation to the Mole Valley Local Plan: Issues and options

Thank you for consulting the Home Builders Federation (HBF) on 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.

Duty to Co-operate

There is very little detail as to how the Council will work with its partners in the Housing Market Area in order to meet housing need. The SHMA must be the starting point but in an area that is constrained by a range of factors it is essential that authorities work together in order to meet housing needs in full. This will be especially important for Mole Valley given that Kingston, Elmbridge and Epsom and Ewell could potentially have a high degree of unmet needs given the demand for housing across the HMA and their relatively small geographical size and the constraints they face. We would therefore suggest that the next stage of co-operation is for the Council's within the HMA to prepare a joint land availability assessment to establish how they will meet housing needs across the HMA. This will enable a clear picture of potential delivery and the start of a more strategic approach to meeting needs across the HMA. Given that each authority is preparing a new Local Plan it may also be an opportunity to consider a joint local plan for the HMA or the preparation of shared strategic sections for inclusion in each Plan. Such an approach has been effective in North Essex with Colchester, Braintree and Tendring working together to deliver 3 new settlements within their HMA as part of an overarching strategic plan for the area.

It will also be vital that the Council engages fully with the GLA on the issue of London's unmet need. By preparing a SHMA with Kingston the Council has recognised the strategic relationship the Borough has with the capital and the potential role it could play in meeting London's unmet need. Indeed the SHMA recognises this important issue in paragraph 5.7 which states "*Net internal migration represents the main components of growth in Mole Valley, mainly from adjacent authorities and London.*" There is a need for greater co-operation with London on these matters given the potential shortfall in housing delivery being experienced in the Capital at present with supply expectations of 42,000 dwellings per annum (dpa) being significantly below the

Mayor's lowest assessment of need at 49,000 dpa. However, even 42,000 dpa may be unachievable given the latest monitoring report published by the GLA indicates delivery of conventional housing (self-contained flat and houses) for the 2015/16 period as being 32,919.

Housing need

We agree with the use of the DCLG household projections as the starting point for assessing need. However, we would suggest that the authorities in the HMA consider the potential impact of the 2014 based data that was published in 2016. The Council has set out that it has a housing need over the next 15 years of 5,900 dwellings at 393 dwellings per annum (dpa). However we are concerned that this assessment has made no adjustment for market signals despite evidence in the SHMA that suggests Mole Valley has significant concerns regarding the affordability of housing in the Borough. Planning Practice Guidance (PPG) clearly sets out that when assessing housing needs local planning authorities should consider market signals and whether household projections should be adjusted on the basis of these signals.

The SHMA details in chapter 7 its consideration of market signals for the HMA. Given the picture this chapter paints of high housing costs that are unaffordable to many of those both living and working in the area it is surprising that an uplift is not considered necessary for Mole Valley. For an area with affordability ratios that show even on a median income you would need 12 times your salary to afford the average house price we would consider a substantial uplift is necessary. For authorities showing this level of unaffordability the Local Plan Expert Group considered an uplift of at least 25% on top of the demographic starting point for housing need would be considered appropriate.

Our experience of what was considered appropriate by Planning Inspectors across the south east also suggests the Council should be considering a significant uplift to take account of market signals. Most recently at the hearing into the Waverley Local Plan the Inspector suggested an uplift of 20% on the basis of affordability concerns that are not dissimilar to those faced by those who live and work in Mole Valley. Similarly the Inspector examining the Canterbury Local Plan also indicated that a 20% uplift was considered appropriate when considering the market signals in that area. Though given other needs based assumptions within Canterbury's OAN that overlapped with market signals the increase was closer to 30%.

With regard to considering market signals we would question the use of median data when considering housing affordability. We suggest that lower quartile data for both house prices and incomes are used to assess affordability and it is the approach used in the majority of housing needs assessment. This ensures that the situation with regard to those at the lower end of the housing market are considered without the highest incomes and house prices providing a skewed assessment. In addition we would recommend including some consideration of household suppression within the SHMA as suggested by PPG. All the indicators used when assessing housing needs can arise due to a range of circumstances but when considered together they will give a the Council a better understanding of their housing market. High housing costs and past

housing targets that were based on capacity not needs will have had an impact on household formation and this issue must be considered.

We would therefore recommend that Mole Valley reconsiders its position with regard to the market signals. We would suggest a minimum 20% uplift on their baseline assessment to begin to address the issues with regard affordability, its poor record on delivering new homes and the potential suppression of households to take account of market signals. Delivery of homes at the levels suggested in the SHMA would not provide a boost to housing supply or even begin to address concerns regarding the worsening affordability in the Borough. At best the proposed level of housing delivery would maintain the current situation where housing remains largely unaffordable.

Proposed options

With regard to the “Brownfield First” option the Council need to remember that it should not delay the delivery of other greenfield sites if it cannot meet its housing requirements. The Council should consider whether it can meet its needs (and potentially the needs of other authorities in the HMA) on brownfield sites, but if it cannot do so then it should not delay the delivery of other developable sites. As you have noted on page 16 it is likely that the Council will need to consider a combination of the options being proposed if it is to boost housing supply as required by paragraph 47 of the NPPF. It will need to consider not only its approach to maximizing delivery in and around the main settlements but also the opportunities to expand villages and develop new settlements. We would also question why the Council would only seek modest expansion of existing villages that is proportionate to their existing size. There may be opportunities for more significant growth and the improvement of services within these villages in line with the additional houses being provided.

We hope you find these comments helpful and if you require clarification on any of the issues raised in this letter please contact me. If you could add me to your mailing list for the new Local Plan and any supporting documents I would be most grateful.

Yours faithfully

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