



MASTER

LAND & PLANNING

Planning Policy  
Surrey Heath House  
Knoll Road  
Camberley  
GU15 3HD

By email to [REDACTED]

16 September 2024

T: [REDACTED]  
E: [REDACTED]

Dear Sir / Madam

**Pre-Submission Surrey Heath Local Plan (2019-2038): Regulation 19 – September 2024**

Master Land & Planning Ltd is instructed by English Rural Housing Association (ERHA), who welcome the opportunity to comment on the Regulation 19 consultation for the Surrey Heath Local Plan 2019-2038.

These representations are submitted via email and comprise:

- Representations form;
- Representations below with cross-references to the appropriate paragraphs and policies; and
- Associated evidence.

Please can our client be kept informed of the progress of the Local Plan.

Yours faithfully

*Henrietta Cole*

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## **Responding to the rural housing crisis – the role of English Rural Housing Association**

English Rural Housing Association (ERHA) are a non-profit organisation that have been providing affordable housing to rural communities in England since the early 1990s. ERHA works in partnership with those communities, parish councils, landowners and local authorities to deliver a unified approach, and aims to be the foremost specialist provider of rural affordable housing in England to help sustain the economic and social life of rural areas.

Affordability in rural areas is worsening, with high property values, increased aspirations to live in the countryside and limited development of new homes meaning many local households are now unable to find a home they can afford and remain within the rural community where they have grown up or where they work. The absence of affordable homes is a national crisis, exacerbating rural poverty and driving the real and growing problem of rural homelessness. The **'Homelessness in the Countryside: A Hidden Crisis'** (March 2023) report (enclosed) conducted by University of Kent and University of Southampton identify that rural areas receive 65% less funding per capita than urban areas for homelessness prevention resulting in the funding for genuinely affordable housing being highly inadequate and having limited impact in rural areas.

The provision of affordable housing can therefore have a transformative impact on individual lives and communal vitality, being an effective economic stimulus to support communities and rural regions to thrive. Planning policy needs to actively enable the growth and development of rural areas.

Currently owning and managing over 1,500 homes across 130 villages, the mission of ERHA is *"to build and manage affordable housing for local people in rural communities in England and to be an advocate for affordable rural housing"*. They seek to build high-quality attractive homes with minimal environmental impact through energy efficient solutions that ensure affordability and local access for generations to come.

ERHA are a trusted partner and registered housing association with a top-tier regulatory grading for Governance (G1) from the Government's Regulator of Social Housing. Their financial stability and status as an Investment Partner with Homes England ensure that resources can be secured to develop affordable housing, catering to a diverse range of needs through affordable rental properties, shared ownership and other discounted sales options.

Most of the affordable houses delivered by ERHA are through rural exception sites. Delivering small scale bespoke developments that are built to meet local needs for local people. However,

there are many challenges to their delivery, of which planning policies is one. The recent paper **'Land, Landowners, and the Delivery of Affordable Homes in Rural Areas'** (September 2023) (enclosed) was completed by University College London in collaboration with ERHA undertakes a 'deep dive' into the use of rural exception sites as a mechanism for delivering new homes in the countryside. The number of new homes built using rural exception sites is a fraction of wider housing delivery and, more crucially, a drop in the ocean when it comes to responding to demonstrable unmet housing needs in rural areas. This is further emphasised by more recent research by University College London **'Factors in the effective delivery of Rural Exception Sites in England'** (February 2024) (enclosed) which found that only a fraction (17%) of rural local planning authorities have made use of Rural Exception Sites to deliver affordable homes between 2021 and 2022. The many challenges of bringing forward new exception sites span a range of issues, including the need for corporate support, national clarity of cross-subsidy, community involvement and funding. However, as outlined in the paper planning policy and the approach of each local planning authority do have significant impacts, and there is a need for Local Plans to *"have spatial development strategies that support RES in lowest tier settlements, in order to advance the future sustainability of England's villages and rural communities."*

ERHA therefore welcomes the opportunity to contribute to your emerging Local Plan so that it sets a proactive and viable framework to encourage rural exception sites to be brought forward at the earliest opportunity.

## **Policy H9 – Rural Exception Sites**

### **Existing National Policy Context**

The NPPF (December 2023) defines rural exception sites as:

*"Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding."*

A variety of NPPF policies in paragraphs 60, 63, 82 and 83 support the delivery of housing to meet specific needs and boost the supply of housing in rural areas. Further guidance is defined in the PPG at paragraph references 67-009-20190722, 67-011-20210524, 67-012-20210524, 67-013-20210524, 67-014-20210524, 67-015-20210524.

The LPA must also have regard to the Written Ministerial Statement 'Building the homes we need' of 30<sup>th</sup> July 2024 that expresses the firm intention to raise housing targets and facilitate housing delivery. This is now part of current national planning policy. The WMS recognises "*We are in the middle of the most acute housing crisis in living memory. Home ownership is out of reach for too many; the shortage of houses drives high rents; and too many are left without access to a safe and secure home.*"

### **Existing Local Plan Context**

The existing Surrey Heath Core Strategy & Development Management Policies 2011-2028 (Adopted February 2012) sets a target for 35% of homes to be affordable. Sites with between 5-9 units require at least 20% as affordable homes, 10-14 units require at least 30%, and 15 dwellings or more require at least 40%. The borough will also negotiate a 20% affordable housing equivalent financial contribution of sites of 3-4 units.

The Surrey Heath Authority Monitoring Report 2012/13 (AMR), which was the first report to be published after the adoption of the plan, outlines that only 10% of the 35% affordable housing target was met. All subsequent AMR's published thereafter show that the target has never been met, including only a 5% deliverability in both the 2014/15 and 2015/16 monitoring years.

The most recent AMR, which was published in June 2022 for the 2022/23 monitoring year, confirms that the total number of net completions was 403 dwellings and only 17% (69 units) were built as affordable dwellings. This is significantly higher than previous monitoring years but there is still a large shortfall.

The Surrey Heath Local Housing Needs Assessment (2024) sets out a need for 184 affordable homes per annum across the Borough, 25 units higher than the 2020 estimate of 159 per annum. In 2022/23, only 69 units were delivered, totalling a shortfall of around 90 units. The increase of needs by a further 25 units will further increase the shortfall within the following year. No rural exception sites were delivered as part of the total housing completions within the 2022/23 monitoring year.

### **Policy H9 and whether it is a sound way to deliver affordable housing through exception sites in Surrey Heath?**

ERHA support the inclusion of a rural exception sites policy within the Local Plan as an important mechanism to deliver small scale rural affordable housing. However, modifications are required in order to address paragraphs 16 and 35 of the NPPF to ensure a positive framework is set for rural exception sites.

Bullet Point 1B of the policy should be removed. ERHA would not support a policy that contains inherent blockages to the delivery of rural exception sites given the national and local policies imperative to meet needs at the earliest opportunity. The policy does not set out a clear criterion regarding how it can be demonstrated that a need cannot be met within a settlement boundary. Ultimately if a need exists, it is naturally because there are no available opportunities (within a settlement boundary) to meet it. If the bullet point were to be retained, it requires elaboration on how to demonstrate this, focusing the suitability of land guided by land-use considerations and not a public competition for potential candidate sites. This criterion should be deleted.

Bullet point 1C sets out two tests, that sites adjoin a rural settlement; and can be demonstrated to be in a sustainable location. The NPPF and the PPG at Reference ID: 67-011-20210524 does not restrict the location of rural exception sites to only that which is adjoining settlements, but rather permits them to come forward in any location. Whilst it may be desirable for sites to come forward that are in close proximity to settlements (such as those stated in paragraph 3.109) and facilities, rural areas by their very nature have limited access to services and facilities. These restrictions would therefore be highly restrictive and counter-productive to the aim of rural exception sites, preventing the provision of housing to meet local needs in many rural communities. This criterion should be deleted.

Bullet point 2A and 2B of Policy H9 are supported. It is recommended that bullet point 2C is removed as by definition the exception sites are small scale and naturally there would be a mix of units. Whilst it is important to ensure the primary purpose is to provide affordable housing in perpetuity, in our experience it is becoming increasingly necessary for proposals to provide some market housing to make the proposal viable and deliverable in the short term, as a result of external factors such as higher build costs and land owner expectation, which must be balanced against delivering affordable housing at the restricted rents affordable to their tenants. This has recently become more evident through the regrading of many registered housing providers from V1 to V2, which reflects the broader decline of economic conditions and business capacity from the disconnect between rent levels and costs.

Some modifications are recommended to the Policy H9 text as summarised below.

Modifications to address consistency with national policy:

- Amend Policy H9 text as follows
  1. *Small scale developments of affordable housing or affordable pitches for Gypsies and Travellers which are outside defined rural settlement boundaries will only be permitted where they meet all of the following criteria:*

- a) *the number, size and tenure of homes has been demonstrated to meet, or contribute to meeting, the evidenced affordable housing needs of the local area;*
  - ~~b) *it has been demonstrated that the need cannot be met within a settlement boundary;*~~
  - ~~c) *the site adjoins a rural settlement; and can be demonstrated to be in a sustainable location;*~~
  - d) *the affordable homes are secured in perpetuity;*
  - e) *that the housing or pitches will be for those with a local connection in the first instance and this will be ensured through legal agreement; and*
  - f) *the development is in keeping with the character and size of the settlement.*
2. *The minimum number of market dwellings within a rural exception site will only be permitted in exceptional circumstances where the following is evidenced:*
- a) *the scheme would be demonstrated to be unviable without the inclusion of market housing;*
  - b) *it would not inflate the threshold land value (the minimum land value likely to trigger an owner to sell the land); and*
  - ~~c) *the development physically integrates open market and affordable housing.*~~