

WARWICK DISTRICT LOCAL PLAN

EXAMINATION 2016

MATTER 12 – HOUSING POLICIES

HEARING STATEMENT

ON BEHALF OF GALLAGHER ESTATES LTD

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POLICY H2 – AFFORDABLE HOUSING

6. *What is the evidence in relation to the need for affordable housing? What does this show?*

It is understood that the evidence identifying the appropriate level of affordable need is contained within the Updated Assessment of Housing Need Coventry and Warwickshire HMA, which was published in September 2015.

Table 43 identifies a net need of 280 affordable homes per annum. When reviewing the annual figure against the revised dwelling requirement of 16,776 between 2011 and 2029 or 932 dwellings per annum, the 280 affordable needs requirement represents 30%. It is considered that the affordable housing requirement should be lowered in order to reflect that a greater amount of dwelling provision overall will reduce the proportion of affordable housing required from each site.

It should be noted, however, that the Local Plan with proposed modifications refers to an earlier Strategic Housing Market Assessment, published in 2013, which identifies a need for 268 affordable dwellings. This lower figure represents 29% of the overall annual dwelling requirement. If this is the number of affordable homes to be pursued per annum, then a lower policy requirement should be applied.

When, however, considering the annual need for affordable homes (280) against the full, objectively assessed (FOAN) annual housing need for Warwick District (600), the proportion of affordable represents 47%. As considered below, this is not a level able to be viably delivered. The unmet need arising from Coventry to be delivered in Warwick totals 332 dwelling per annum. Coventry's affordable need per annum (660) against the total FOAN per annum (2,120) represents 28%. Therefore, the annual affordable need for the Coventry dwelling provision to be provided in Warwick is 94 units per annum (28% of 332). The Council argue that 280 (Warwick annual affordable need) plus 94 (Coventry annual affordable need) totals 374, which represents 40% of the 937 target.

There is concern, however, that as highlighted below a maximum of 39% is considered viable in an improved market. Whilst 39% would not quite meet the affordable dwelling requirements, it would ensure a continuous delivery of both market and affordable homes to meet the needs of arising households. Therefore, the maximum amount of affordable housing sought should be 39%.

In addition, it is also logical to conclude that affordable households will not migrate to neighbouring authorities such as Warwick these households are less likely to be as mobile as those who are more affluent (lower car ownership levels, less disposable income to allow a longer commute for work, may need to remain nearby family who provide other social functions such as childcare and other care giving etc.). It could therefore be argued that Coventry City itself should deliver a greater proportion of affordable dwellings to meet local needs.

To conclude, it is considered that the level of affordable housing sought should be lowered to meet arising indigenous need from Warwick and a small proportion arising from Coventry. Indeed, it is acknowledged by the Council in their Hearing Statement to Matter 2 in response to question 7 that

"40% affordable housing will deliver over 370 homes, which is significantly above the affordable housing need identified".

In accordance with paragraph 50 of the NPPF, local planning authorities are to set policies to meet the identified affordable need. In light of this, it is considered that the affordable housing target should mainly focus on delivering 280 dwellings at circa 30% as it is less likely that households that arising affordable households from Coventry will migrate to neighbouring authorities due to economic and social consequences of doing so. In conclusion, based on the evidence submitted Policy H2 should be amended to require a minimum of 30% affordable housing.

7. *What is the evidence in relation to viability of delivering affordable housing as part of market housing schemes? What does it show?*

Evidence demonstrating the viability of delivering affordable housing is contained within the Affordable Housing Viability Assessment prepared by DTZ in November 2011 and an Addendum was later published in May 2012. Perversely, the level of affordable housing deemed to be viable was determined prior to the requirements being identified. As stated above, the Council should not be seeking to obtain a greater amount of affordable homes than are actually identified as needed. Further, there is concern that this report is considerably out of date.

One of the recommendations of the report is that the Council should consider a zoned affordable housing policy approach, which has different affordable housing percentages by area. This recommendation has not been pursued by the Council. Whilst a zoned approach would be more location specific to viability requirements there would remain a blanket within sub areas that may not always be appropriate. Therefore, any policy approach should remain flexible to consider individual site specific analysis.

The report further recommends that if a zoned approach is not taken forward, a range of District level targets have been identified as appropriate. Of all the scenarios presented the greatest overall level of affordable housing policy suggested is 39%, which is less than the policy requirement in Policy H2.

The viability evidence sets out that proposing a policy for a long term period (circa 15 years) based on market conditions at a particular point in time may not be sustainable throughout the plan period and that the policy should remain suitably flexible to deal with such changing circumstances. Indeed with respect to this, DTZ recommended that any affordable housing policy sets out an approach for regular review and updates to enable changes in market circumstances to be properly monitored and accounted for. There is concern that there is not a specific trigger to regularly review this policy element.

More recently, the Council reviewed the viability of the seven major housing sites identified in the Warwick District Local Plan in November 2015. It

concluded that the sites are likely to be viable over the plan period, although two of the sites are only just viable. It is advised that a flexible approach to the application of affordable housing targets will ensure the viability of developments is not adversely affected over the economic cycle. The conclusions therefore echo earlier concerns identified above and it is therefore of paramount importance that a mechanism to embed flexibility within the policy is included.

Finally, the November 2015 viability work also suggested using 'Starter Homes' to replace rented and intermediate affordable housing to significantly enhance residual land values. It is recognised that this form of provision does not currently meet the definition of affordable housing, however, it is understood that there are ongoing discussions at the national level as to whether this form of dwelling provision should contribute towards the affordable housing offer. It is therefore appropriate for the policy to be flexible for starter homes to come forward. Such alternative types of provision should be considered, particularly where sites are struggling to be delivered due to viability concerns.

8. *What is the basis for the requirement for a minimum of 40% affordable housing? Is this figure justified? Does it reflect evidence on viability? Is a single figure for the whole District appropriate and justified? Is there evidence to take a different approach?*

It is unclear how the authority determined their 40% affordable housing requirement given that the evidence points to a requirement of 30% based on delivering 280 affordable dwellings per annum (or 28% based on 268 dwellings).

A recent Statement of Common Ground between Coventry City and Warwick District has sought to clarify this position by setting out affordable housing requirements for each of the Districts based on the FOAN, however, as identified above there is concern that in practical terms it is less likely that arising indigenous households of Coventry will migrate to neighbouring Districts for both social and economic reasons.

Further, even based on the best possible market position, DTZ have suggested a top end affordable housing policy of 39%. It is acknowledged that this figure is a mere percentage less than the policy requirement, however, this has a significant effect upon profit margins.

It is considered that the most appropriate way forward is to apply a percentage requirement that is justified and viable, which is considered to be 39% (subject to there being a need for this level of affordable housing).

Although a zoned approach would be more specific to the likely viability in particular areas, there is concern that identifying specific zones would not be straight forward. It is considered that the affordable housing requirement should remain a district level figure, however, at the lower level suggested above and subject to site specific considerations. A 39% affordable housing policy approach would be within the viable range for an improved market position. There is concern, however, that should the market decline the policy may prevent some sites from coming forward, which would in turn affect housing delivery and result in the Council being unable to demonstrate a five year housing land supply and most importantly the needs of arising households will not be met. All of which are clearly negative consequences that should be avoided where possible.

9. ***Should the policy be worded to reflect the fact that provision of affordable housing is achieved through agreement or unilateral undertaking? i.e. should it refer to affordable housing being sought?***

No comments.

10. ***In light of current national policy (following the court of Appeal judgement in May 2016) are the thresholds of 10 ad 5 dwellings appropriate and consistent with national policy?***

No comments.

11. *Is the policy sufficiently flexible, particularly in terms of the effect on viability and the potential for off-site contributions?*

As highlighted above, there is considerable concern that the policy requirement is only viable in an improved market condition. As experienced relatively recently, housing market values do fluctuate in response to economic conditions. It is entirely possible that another recession will take place within the plan period, therefore, the policy framework should be suitably flexible to alter affordable housing requirements to be within viable levels to deal with changing circumstances.

12. *Is the policy consistent with national policy in relation to the definition of affordable housing and the type of provider?*

Policy H2 suggests that the affordable housing will normally be provided through the involvement of a Registered Provider (of social housing) who is either a Preferred Partner of the Council or who has otherwise been approved in writing by the Council affordable housing will normally be provided through the involvement of a registered provider. The definition of affordable housing set out in the NPPF, however, suggests that it can be delivered by local authorities, private registered providers and other persons (subject to agreement). Whilst the policy approach is not exclusive to Registered Providers providing affordable housing, it does seem particularly rigid and not open to possible innovative approaches to delivering affordable housing which may be presented to the Council in the future. In light of the housing crisis, the authority should remain open minded to all possible solutions to providing a better quality of life for residents in the District.

To conclude, Policy H2 Affordable Housing is not sound as currently drafted elements are unjustified, ineffective and inconsistent with national policy as identified above.

POLICY H4 – SECURING A MIX OF HOUSING

16. *Is part 2 of the policy appropriate in light of the new National Technical Standards and Building Regulations? Is the approach justified?*

The Government, in March 2015, published Planning Practice Guidance in respect of 'Optional Technical Standards' for housing. It sets out that local planning authorities should take account of evidence that demonstrates a clear need for housing for people with specific housing needs and plan to meet this need. The Government has provided a data sheet summarising all of the official statistics and factors, which local planning authorities can consider and take into account, which includes:

- the likely future need for housing for older people and disabled people;
- size, location, type and quality of dwellings needed to meet specifically evidenced needs;
- the accessibility and adaptability of existing housing stock;
- how needs vary across housing tenures; and
- the overall impact on viability.

From reviewing the information published by the Council (and consultants on their behalf), the above factors have not been fully considered, other than merely identifying proportion of future older and immobile population, and it is therefore an unjustified and arbitrary policy requirement.

It is not apparent that the viability of delivering age friendly and/ or adaptable homes as 10% provision of urban extension sites has been considered. Given potential cost implications of the type of dwelling provision and that the viability of some sites is currently marginal (as set out in the latest viability report), there is concern that it may render some of the dwellings undeliverable.

Indeed, other policy initiatives (non planning related) seek to encourage people to remain in the own homes, which are then adapted, as far as practically possible. Such an approach helps to retain existing social relationships and connections, which is of high importance to quality of life for older and less mobile people. This needs to be taken into account when compiling evidence on the need for specialist homes.

In light of the concerns highlighted above, the policy requirement for 10% age friendly and/ or adaptable homes should be removed from Policy H4. As currently presented, it is not sound as it is not justified and nor effective.

In terms of the more general policy content, the policy requires that the mix of housing proposed as part of any residential development to have regard to the latest Strategic Housing Market Assessment. There is concern that the SHMA may become quickly out dated and given that there is no requirement to update evidence, future decisions on dwelling provision may be contrary to what is actually required.

In addition, the dwelling mix evidence in the SHMA is presented at the District level. It should be recognised that in some location there may already be a concentration of a particular dwelling type and therefore the policy should be flexible to allow an appropriate mix to meet the need within the locality.