

Housing WG - Assessment of impact on NP of likely housing uplift in Cornwall Local Plan changes

IMPLICATIONS OF INSPECTORS INTERIM REPORT ON CORNWALL LOCAL PLAN.

Background: The Inspector has found that the Plan is

- 'Unsound'
- Not compliant with the Regulations

He has asked CC to consider making changes and consulting on them, before reopening the Inquiry. Alternatively the Inspector offers to issue a second note covering additional matters, and then reopening the Inquiry. He would then report, after which all the required changes are made and consulted on. Presumably the risk here is that the Inspector may recommend that the Plan is so unfit-for-purpose that the SoS may exercise 'call in powers' and direct amendments to it.

Analysis:

STATUTORY AND REGULATORY MATTERS
<p>Duty to Cooperate</p> <ul style="list-style-type: none">• The 'Duty to Co-operate' has been met.• No requirement or additional housing to meet Plymouths needs as PCC Local Plan meets all needs within city boundary
<p>Comment</p> <p>The CLP is largely silent on the housing relationship of Cornwall and Plymouth, so note the proviso that the Plymouth/SE Cornwall relationship will be looked at when the CNAs are considered. Notwithstanding the PCC determination for the city to meet its own needs, the Inspector may question whether this is achievable in reality, and whether the housing market will in any case demand that parts of Cornwall meets Plymouth needs. This presents a potential upward pressure on housing figures for Liskeard/Looe and Gateway CNAs.</p>
<p>Habitat Regulations Assessment</p> <ul style="list-style-type: none">• The Habitat Regulations assessment evidence base is insufficient about the effects of recreational development on 7 SACs/APAs• New wording to Policy 23 on Natural Habitat agreed with Natural England.
<p>Comment</p> <p>Recreational visitor surveys are to be undertaken this summer and a detailed mitigation strategy derived from that evidence. But this summer will be one of unusually high visitor numbers, due to 'Poldark' effect, so may be distorted for 'normal years.</p> <p>The new policy wording will not only effect recreational development: it could also impact on housing development. If potential development sites are now reduced or removed from CNAs with SACs and SPAs as a result then a loss of the 5yr land supply might shift pressure to other 'less sensitive' areas to make it up.</p>
<p>Sustainability Appraisal (SA)</p> <ul style="list-style-type: none">• The Sustainability appraisal is not adequate nor regulatory compliant because the SA does not properly deal with the assessment of development impacts on landscape, heritage and bio-diversity at CNA level.• Such assessments are 'all very similar and generalised, with no assessment of the actual

<p>ability of each CNA to accommodate the scale of development proposed’.</p> <ul style="list-style-type: none"> • Inspector is concerned with the poor justification and testing through the SA process of the apportionment of housing both to and within CNAs between towns and rural areas • The use of the word ‘proportionate’ in relation to the dispersal of development is used very loosely and gives a false impression of insignificance to variations (eg 1% = 475 dwellings) • It’s impossible to follow what were the final reasons for the apportionments to CNAs
<p>Comment</p> <p>Essentially the Inspector says that the SA should be redesigned and done again, and the apportionment of development figures to the CNAs should be recast.</p> <p>There are three issues of concern here:</p> <p>(1) Emerging neighbourhood Plans which are allocating land to meet Local Plan CNA housing figures can no longer rely on the Local Plan SA, and may have to do deeper SA of each site to be allocated and the Neighbourhood Plan itself, or wait until the new SA and apportionments are completed;</p> <p>(2) Re-apportionment of housing numbers between CNAs may occur, increasing the figures for ‘less sensitive’ locations, and within each CNA the balance between town and rural development may be altered to increase the town proportion.</p> <p>(3) The increased housing numbers arising from the Inspector’s concerns elsewhere in his report will have to go through the same new process, which means that the ‘less sensitive’ areas may get a greater share of the additional numbers than elsewhere.</p>
<p>OBJECTIVELY ASSESSED NEED (OAN) AND THE HOUSING REQUIREMENT</p>
<p>Housing Market Area (HMA)</p> <p>The Inspector says that Cornwall is sufficiently aligned with a single housing market area for housing needs to be considered on a Cornwall-only basis.</p>
<p>Comment</p> <p>The risk of this approach is that it encourages the view that there is only one 5 year housing land supply in operation – for all Cornwall – which implies that shortfalls in some areas can be made up in others, which is patently unfair and ignores the nature of local housing need. The Plan includes 5 zones of housing market value which in themselves could be argued to operate as local housing markets, and would be a better basis for 5 year supply calculations.</p>
<p>The demographic starting point</p> <ul style="list-style-type: none"> • Demographic model is inadequate: <ul style="list-style-type: none"> ○ ONS forecasts have not been so out of step with reality to justify not using them ○ Latest ONS projections more robust than those used in the SHMNA. ○ 5 year migration baseline too short: use 10-12 years instead ○ Include latest ONS international migration estimates ○ 2012 Household Formation rate more robust than 2008 figures, but still includes recessionary effect: therefore a blended figure should be used. • Annual requirement forecast is on wrong time base (i.e. up to 2035) • Therefore there is a need to do a revised demographic model and update housing figures accordingly
<p>Comment</p>

The rebased figures are likely to increase the population growth estimates and the annual requirement a little, but probably not significantly. Nevertheless this is another upward pressure on the housing requirement.

Market signals

- Inspector says there is no consistent 'market signal'....but then goes on to say there is with regard to the 'affordability ratio'. Over the long term, the picture is of a worsening trend and a position significantly worse than the regional and national averages.
- National guidance is that a worsening trend in any relevant market signal should result in an uplift.
- However 'any uplift large enough to make a significant difference would have questionable deliverability because it would be out of step with the availability of households to fill the additional dwellings' and given the variations across Cornwall, 'a generic uplift would not seem a relevant response to the problem'.
- Excessive population growth from extra housing supply would prevent improvement in earnings growth as sought in the Economic Strategy, so a large uplift in housing numbers would be counterproductive

Comment

Very useful comments from Inspector about the inadvisability and ineffectiveness of a general uplift in housing figures. His final point here is an acceptance that market based solutions cannot alone resolve the affordability issue.

Affordable Housing Need

- The Plan fails to address the backlog of and newly arising need for affordable housing.
- National Guidance states: 'An increase in the total housing figures included in the local plan should be **considered** where it could help deliver the required number of affordable homes' – however the Inspector 'cannot see in the evidence any serious, objective **consideration**, as required by national guidance, as to the scope for further narrowing the gap between identified need and expected delivery by some increase in market housing'.
- A very substantial uplift would not be acceptable, but **some further uplift should still be carefully considered by the Council**.
- The weight to be given to any such uplift is clearly related to the proportion of affordable housing that would be delivered as a result. *'Thus additional delivery in zone 1 would be more beneficial than in zone 5'*

Comment

The Inspector accepts that the Local Plan cannot hope to deliver all the affordable housing that the figures say is needed. However, he says that some increase in the general numbers may help provide more affordable housing, and that should be where the most affordable housing can be levered out, i.e. in the higher value zones*. That would direct more development to the high value coastal communities, but given that some of these are in the most 'sensitive' locations where the Inspector's earlier comments about the SA and apportionment issues apply, would still imply some uplift in lower value areas.

*for location of the zones see map at end.

Holiday homes/second homes/vacancy rate

- The acquisition of future new dwellings as holiday/second homes would remove those

<p> dwellings from the stock available for the needs which have been assessed.</p> <ul style="list-style-type: none"> • Therefore 7% should be added for second/holiday homes when converting the assessed need to the housing requirement for the plan.
<p>Comment</p> <p>This is a fairly crude calculation that may well be challenged. The Inspector makes no comment as to where the additional 7% should go, although logic suggest that the greatest loss to 2nd homes/holiday lets will be in the most attractive locations (i.e. zones 1 & 2) and that therefore those areas should be where the replacement housing should be placed.</p>
<p>Needs of particular groups</p> <p>The need and demand for housing for private rented, self-build, older people and households with 'specific needs' has not been adequately addressed.</p>
<p>Comment</p> <p>Such an assessment may lead to additional policy guidance on mix and tenure, and some welcome policy context for self-build, which currently is left entirely to neighbourhood Plans to pick up</p>
<p>Compatibility with the economic strategy</p> <ul style="list-style-type: none"> • The Inspector says that the SHMNA should take into account the LEP Strategy rather than relying on past trends or economic projections for assessing the housing requirement. • He says that the Council will need to demonstrate a suitable alignment between economic development, job and workforce growth and the housing requirement.
<p>Comment</p> <p>The Inspector appears to be asking for a more sophisticated linkage between economic growth and housing growth, which seems sensible bearing in mind that both are inter-twined with, and can drive, each other.</p> <p>However this should not be taken simply as an endorsement of 'jobs first, housing afterwards' view; it could, for example, lead to allocations of specific residential formats designed to spur on or facilitate business investment, or target the needs of employees of companies and sectors that will promote high quality jobs growth.</p>
<p>ECONOMIC NEEDS AND STRATEGY</p>
<p>The economic strategy and Plan shortcomings</p> <ul style="list-style-type: none"> • The inspector endorses the LEP strategy and the Cornwall Council's economic strategy, and says the Plan is sound only in its intention to support them. • However, he says it isn't clear whether the Plan's policies and provisions are adequate to do so, and therefore it is unsound. • He says there is no clear evidence and analysis to identify and explain what land use requirements are needed to deliver the LEP strategy. • The Employment Land Review, on which the Plan relies, is dated, very general and predates the LEP strategy. It relies on ageing allocations and permissions that may not be best positioned to support the LEP strategy. • The Inspector says that there is inconsistency between the strategic part of the plan and the policies for individual CNAs in relation to the employment floorspace requirements. • He says that after the Plan is improved to deliver the LEP strategy, if there is a substantial oversupply of employment land in particular CNAs (and especially where it includes sites

<p>which are not likely to be viable), the Plan should make clear the principles/process by which the future appropriate use for those sites will be determined.</p> <ul style="list-style-type: none"> • The Inspector sets out a 'way forward' menu of things that need to be done to make the Plan sound on employment matters. • In picking up a number of 'other matters' that need attention, the Inspector adds that the removal of the 40% 'churn allowance' from the overall floor space figures used in the plan should be reversed.
<p>Comment</p> <p>The Inspector's criticism here is quite sharp, saying the Plan represents an abdication of its proper role as the strategic framework for consistent delivery in later plans, including neighbourhood plans. Whilst this provides flexibility, 'The degree of flexibility must not be so opaque as to foster uncertainty'.</p> <p>His reference to the need to find a 'future appropriate use' for employment sites that prove not to be necessary to support the LEP strategy could point to a useful extra source of housing land to meet any 'uplift' in numbers.</p> <p>Equally though, the re-apportionment of employment land requirements could see a reduction in employment land allocation in those areas that aren't targeted under the LEP strategy, and increases in other areas, both of which may be locally unpopular.</p> <p>Although the Inspector's comment on the 'churn allowance' are made, as it were, in passing, its re-introduction could add substantially to the issues raised above.</p>
<p>Retail</p> <ul style="list-style-type: none"> • The inspector make various comments focusing on the need to use the most recent retail study to rebase the retail allocations, and the need to strengthen the 'sequential test' approach.
<p>Comment</p> <p>If the Plan is amended to strengthen the sequential approach, this will be good for town centres, but will reduce flexibility to use retail as a stimulant in redevelopment of areas away from town centres.</p>
<p>AFFORDABLE HOUSING DELIVERY AND POLICIES</p>
<p>Affordable Housing Thresholds</p> <ul style="list-style-type: none"> • The plan provides for a threshold of 2 dwellings (i.e. the number of units at which point affordable housing is required at whatever proportion is specified for the zone involved). National policy is now that contributions should not be sought from developments of 10 units or less (other than in designated rural areas (e.g. AONB), where local planning authorities may choose to apply a lower threshold of 5 units). • The Inspector is not persuaded that the pattern of development in Cornwall or the past success in delivering affordable housing on small sites is so different to other parts of the country as to justify a departure from Govt policy. Neither does he see a justification for introducing locally defined designated areas to which a lower threshold would apply, although he does accept such a restriction in the AONB.
<p>Comment</p>

The impact here will be on towns, where it will encourage developers to split sites or go for smaller sites and lower density, so as to enjoy the new freedom to avoid the necessity to provide affordable housing. The trend will be towards greater concentration on maximising affordable housing on the bigger sites, and greater reliance on 'departure' and 'exceptional' sites, and therefore bigger concentrations of affordable housing, which may not be socially desirable as an outcome.

Affordable housing proportions

- The Plan divides Cornwall into 5 house price value zones for the purpose of considering the viability of affordable housing on market sites, and sets target proportions of affordable housing to be provided through S106 agreements on sites which arise in these areas. The Inspector supports this approach, but says that the proportions should be reconsidered in the light of a more recent study on site viability. His recommendation is given in the table below, along with the existing requirement and what has actually been achieved.

Comment

Taken alone the changes proposed make the Plan more realistic with regard to local conditions on site viability. However, by implication, reducing the proportion of affordable housing required on each site means that to produce the overall required numbers of affordable units the total provision must increase. By a rough calculation this might reduce the 'product' by around 4,000 units, implying a total housing figure around 51,000.

Zone	Plan Requirement	Achieved since 2012	Proposed Requirement
1	50%	32%	50%
2	50%	34%	40%
3 (includes Falmouth)	40%	35%	35%
4 (includes Saltash)	40%	34%	30%
5 (includes Liskeard)	40%	29%	25%
Average	44%	32.8%	36%

Detailed matters and other affordable housing policies

The Plan requires the rented affordable homes to be owned and or managed by a *bona fide affordable housing provider*. The Inspector considers this too prescriptive.

Comment

This seems sensible as there is now a well-established mixed economy and range of providers who are not solely focused on this activity, but provide it as part of a business portfolio or as a function of their social function.

Affordable housing led schemes

- The Plan includes a policy for small sites that would not normally be used for housing but may be used for affordable housing as an exception. The policy allows for up to 50% of the homes or land take to be market housing where it is essential for successful delivery.
- Later in his report he points out that the market housing element of such schemes might amount to 3000 units.

- The Inspector picks up that some urban departure sites have been justified under this approach, and his comments imply that this is not good practice. He also says that restricting any market housing used to lever out the affordable housing to local need is not acceptable.
- He considers that the need for *local community support for schemes* is not a planning matter.
- Several other issues are swept up in this section, including objection to the requirement that public sector sites must shoulder a higher proportion of affordable housing.

Comment

The clarity given to rural exceptions policy is welcome. By implication the Inspector appears to be criticising the use of exceptions policy to justify what are in reality are large scale departures from the Development Plan.

The removal of the restriction to local needs of the ‘free-market’ element of exceptions sites is a pity, as such restrictions often helped address the upper end of the local needs market, (eg for local professionals seeking to live in the community they serve), and as a by-product often increased community acceptance of affordable local needs schemes.

The removal of the *local community support for schemes* requirement was inevitable. Although the detailed planning aspects of representations made by individual local people and a Parish Council may be relevant material considerations, the support of the local community is not a planning matter. Furthermore how could local community support be judged? 51% of returns to a survey in favour? What if only 20% of the community respond?

Affordable Housing Delivery

- The Inspector says that the total affordable housing delivery is likely to be less than the Council’s figure of 22,000 units over the plan period ‘and/or result’ in housing delivery being above the 47,500 requirement.
- He goes on to note that the provision of 9,000 units from other sources are not mentioned in the plan. These have been called Affordable Housing Additionally sites, and include conversions of private sites to affordable housing through for example Housing Association purchases, but also includes an estimated 3000 units from exception or departure sites, and Cornwall Council direct build on its own sites. The Inspector is sceptical about these calculations, but says that the numbers involved are so significant that the Plan cannot remain silent on the matter.
- He concludes that an ‘affordable housing trajectory’ should be included in the Plan, and if there is a shortfall then a Plan review should be triggered.

Comment

It is table 9 of the additional evidence provided at the Inquiry on which the Inspector refers for his comments (this is shown below).

He is quite right that such a huge figure, 9,000 units, cannot go unmentioned in the Plan; it’s a glaring omission.

He also draws attention again to the issue of ‘departure’ sites. Clearly there is need for work to resolve the difference between small rural exceptions and larger urban departure situations, the latter not being generally desirable as it renders the planning process unpredictable and ridiculous

in the eyes of local communities.

There is also a need to clear up how the additional 9,000 will impact on the rest of the housing market supply. For example, will it create competition for sites and drive up land values, thus affecting the viability of the S106 supply proportion?

On the other hand, the provision of 9,000 outside the housing market may help avoid a significant uplift in numbers to generate the required number of affordable units.

Current 'guestimate of total supply:

Total 2010-2015	3,875
Affordable Housing Completions	
Commitments (as at 31st March 2014)	5,530
	9,405
S106 supply	5,000
Additionality sites	9,000
Total	23,400

PROVISION FOR GYPSIES, TRAVELLERS AND TRAVELLING SHOWPEOPLE

- The Inspector finds that the methodology for identifying the permanent accommodation needs of Gypsies and Travellers is not sufficiently robust and comprehensive to provide a sound figure of need in the plan, and that there is no up to date assessment of the accommodation needs of Travelling Showpeople.

Comment

These are thorny issues which are often avoided, but clarity in the principal planning document for the County will make the local task of dealing with the issues much easier.

Conclusions

The Inspector has not proposed an alternative strategy for the Plan. He has simply done his job, probing the facts behind the Plan, the conclusions drawn from them, and the effectiveness of the policies and proposals it contains. This has exposed weaknesses, which are unfortunately quite significant.

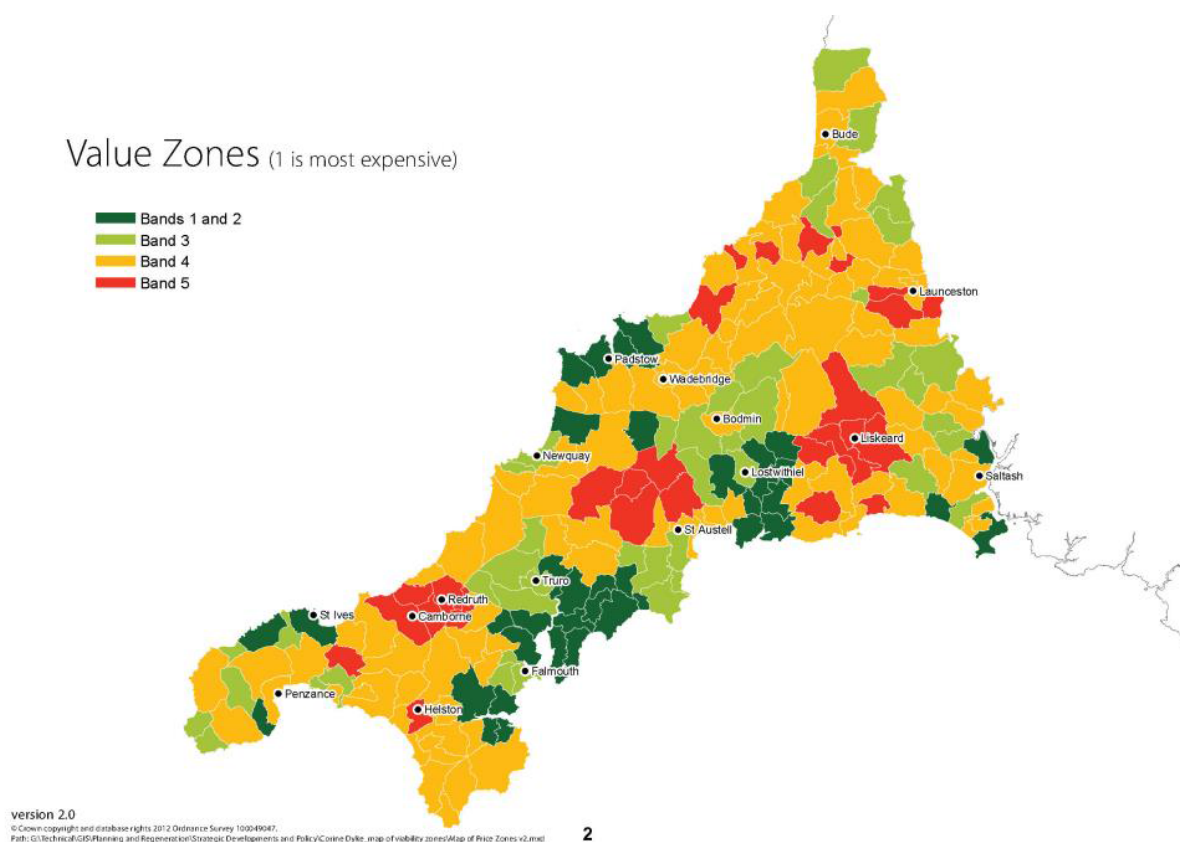
However, contrary to the claims of in the press and elsewhere, his report does not call for nor imply a sizeable 'uplift' in the overall housing numbers. A more reasonable 'guestimate' would be around 10%, as this would provide sufficient additional to meet the Inspectors concerns about 2nd homes, lower affordable housing thresholds, and rural exceptions sites, but probably not have an adverse impact on the economic strategy aims.

Of far greater concern is the re-apportionment of housing and employment land that might occur between CNAs and within them, as a result of the improvement to the SA, establishing a stronger the link between housing and economic strategies, and the impact of the update to the Employment Land Review to fit the LEP strategy. At local level, this could multiply the impact of any uplift in the

housing figures, particularly for those CNAs judged to be 'less sensitive' in environmental terms that are well placed in terms of accessibility.

The recognition of the issue about 'departure' applications is helpful, as there has been a lot of community confusion about this. It would be good if as a result there is greater understanding and transparency on the subject.

From a Neighbourhood Plan perspective, the situation with the Local Plan adds begs some question. Will we have to find more land for housing and industry? Should we delay until the picture is clear? How soon would we need to review our Plan if we complete before the LP is in place? In the meantime areas where the housing market is active will continue to experience planning applications from developers eager to get in before the Plan is adopted.



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Table 9: Local Plan Twenty Year Supply Based on Actual and Expected Delivery of Affordable Housing

Supply through S106	Affordable Housing Units
2010-2015 Completions plus Help to Buy (already accounted for in SHMNA model)	0
Commitments (as at 31st March 2014)	5,532 (actual)
Remaining Requirement (as at 31st March 2014)	5,721 to 6,699 (expected)
Supply through Affordable Housing Additionality	
Uplift for open market commitments on sites converted to affordable (actual 2010-15 trended forward)	1,092 (expected)
Uplift for HCA 2015-18 funded units not submitted for planning	605 (actual – specific sites not identified)

Uplift for departure sites at pre application stage (actual trended forward at expected delivery rate)	3,000 (expected)
CC capital programme (CCFP2) £3.8 m committed up to 2021	1,000 (expected)
Commuted sums - £20.5 m currently available – assume double for 20 year period	2,000 (expected)
Cornwall Council (and others) Housing Mandate investment	1,500 (2017-2020) to 6,500 (2017-2030 subject to review)
Minimum Expected 20 year Affordable Housing Supply	20,450 to 26,428