



FDC/Matter 4

**FENLAND LOCAL PLAN CORE STRATEGY
DEVELOPMENT PLAN DOCUMENT**

EXAMINATION

FENLAND DISTRICT COUNCIL STATEMENT

MATTER 4: AFFORDABLE HOUSING

Fenland District Council
Fenland Hall
County Road
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PE15 8NQ

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www.fenland.gov.uk

Fenland District Council Statement in response to Matter 4: Affordable Housing

ISSUES and QUESTIONS

Q1. The Cambridge sub-region SHMA 2012 identifies a current affordable housing need 2011 to 2031 of 7,927 dwellings (based on 2011/12 data). This incorporates a current need of 3,512 homes. Paragraph 3.5.8 of the Submission Local Plan refers to the SHMA: 2009 which identifies a need for 693 dwellings to be affordable per year in the district. Will Policy CP5 be effective in delivering sufficient housing to meet the identified affordable housing needs of the district? How is the backlog to be addressed?

The latest SHMA evidence, published this year, provides a useful picture of housing need. The headlines, based on 11/12 data, can be noted as follows:

- Current Housing Need ('Backlog') = 3,512
- Newly arising need = 221pa
- Annual supply (exc new build) = 220pa

This clearly shows that the issue in Fenland is not about addressing newly forming need (because supply, through turnover, matches newly arising need), but is about addressing the considerable 'backlog' of need which already exists in the community.

FDC obviously wishes to see the backlog reduced, and as quickly as possible. Traditionally, calculations have suggested this should be over, say, a five-year period (around 700 pa). However, this would mean the entire backlog of affordable housing need was cleared, including those in the lower 'band' categories of need. Whilst, in an ideal world, clearing all those defined as being 'in need', including the lowest Category D ('low priority'), would be an excellent position to be in, realistically this is not going to be achieved in five years and there is no expectation on any council to completely address all categories of 'need' at any point in time (i.e. to have no waiting list, no matter your level of need).

The focus, therefore, for the first five years should be on those most in need: the 'homeless' (17 in Fenland); the 'overcrowded' (229); the 'concealed' (273); and those on Band A (57) and Band B (212). These categories are generally accepted as being occupied by households of the highest need for affordable homes, and amounts to 788 in Fenland. As a minimum, FDC believes it should put in place policies to tackle this need as soon as possible, and certainly within 5 years. This equates to 158 pa.

The remaining, lower priority backlog of need (around 2,700), can then be addressed over the remaining plan period, or ideally sooner if opportunities arise. This equates to around 180pa.

What this evidence suggests, therefore, for plan making, is that it would not be unreasonable for the planning system in Fenland to aim, subject to viability, to deliver around 175 new affordable homes per annum in order to tackle the most urgent backlog of need within 5 years and then a steady decrease of those in lower need thereafter. The question then arises as to the deliverability of such a target.

Some of this urgent backlog should be addressed as part of the Roddons 500 commitment (a commitment by the RSL to deliver 500 new affordable homes by 2016 as part of the stock transfer agreement, of which around half is yet to be delivered). The rest will predominantly be a mix of developer contributions, national grant funding or new build via RSLs through their own funding.

At 175pa, out of an annual rate of 550 all-homes target, this equates to 32% affordable housing. On the basis of the policy requirements in CS5, plus on going delivery of the Roddons 500 commitment, plus the likely grant or business-led funding of other affordable housing schemes outside of the s106 developer contributions process, the delivery of 32% affordable housing appears challenging but possible, certainly over the short term (thus clearing the greatest need) and hopefully over a longer term (thus clearing those still in need, but of a lower priority).

FDC therefore is confident it has or is (via planning and other means) putting in place measures to tackle the backlog appropriately.

Q2. Are the percentage requirements of affordable housing to be provided justified and based on up-to-date and robust evidence? Are they supported by the viability assessment evidence?

There are two essential elements to assist determination of affordable housing targets in Local Plans: (i) establishing the ‘need’ for affordable housing, via a SHMA; and (ii) establishing what level is viable and therefore deliverable.

Fenland has produced a robust assessment of both these aspects.

The SHMA work has been updated and published in the last 12 months, and has not been seriously challenged. Details in Q1 above.

An affordable housing viability study (CD014) was published in 2010. In respect of whether this assessment is ‘up to date’ (as some have questioned), FDC contest, for the purpose of plan making and decision informing, yes it is. The study helpfully informed each of the draft consultation stages of the Core Strategy, and was written well after the financial markets had gone into a severe downturn. To expect repeated updates of the evidence base, such as this, is disproportionate and contrary to government advice to focus on delivering plans not endlessly updating evidence when there is no need to do so.

Turning to the Viability Study itself, this concludes for Fenland that 35% might be possible on large greenfield sites, 30% (at most) on other sites above 10 dwellings, and 20% for sites 5-9.

Through the draft consultation stages, various targets for affordable housing were consulted upon. Following a review of such comments, FDC finally decided upon targets which did not push the levels to the limits of viability as per those set out in the Viability Study, but instead retained the 20% level for small sites (5-9) and reduced to 25% the target for all other sites (10+).

FDC believes that these targets are based on robust and up to date evidence, both of need (32% of all homes, using the calculations in Q1, or well over 100% if the full backlog is to be addressed within 5 years) and viability.

However, crucial to this discussion (and policy wording) is that no matter how up to date the evidence is, it is impossible to prepare evidence (and then policy) to determine a % target to fit all development proposals¹. All development schemes are different, and all will have varying viability margins. What is vital, therefore, is for the policy to be written whereby % affordable housing targets are set at a reasonable level, which could be achieved, or predominantly achieved, by many sites and especially so in times of higher house prices; yet at the same time, have a policy which is written flexibly to cater for different development schemes and different economic circumstances during the life of the plan.

¹ with the exception being if a district was in a fortunate position whereby its need was lower than what viability could achieve, in which case a % could be fixed for all sites at a level simply to meet need; a rare scenario indeed!

And this is FDCs approach in CS5. The policy is not written insisting on a specific % affordable housing levels (and a refusal is automatic if not achieved). It is written flexibly to allow for varying viability, both across schemes and across economic cycles. The third paragraph explicitly states that the Council is willing to negotiate if, for viability reasons on a particular site, the targets cannot be achieved.

The alternative approach, as appears to be advocated by some respondents, is to lower the targets to a level at which all development schemes, in the lowest of economic cycles, will remain viable. This is not the approach FDC advocates. Those that do so are effectively consigning the most needy and vulnerable in our society to remain on the waiting list with little prospect of securing a suitable roof over their heads.

However, as a minor concession, to emphasise once again that the policy is flexible, FDC is willing to amend the opening sentence of CS5 by deleting the word 'require' and in its place put the word 'seek' – see Proposed Modification MPC/3/011. Other than this amendment, FDC believes the policy to be robust, effective, necessary and fair.

Q3. Is it reasonable to require a developer to pay the Council its costs in checking a viability assessment?

In cases where applicants/developers seek to challenge the requirement for s106 contributions on ground of zero or reduced viability (following viability appraisal) the cost of assessing such a challenge to the Council's adopted policies should not and cannot be met by the associated planning application fee. In these circumstances it is appropriate that the applicant/developer should be responsible for their costs in undertaking a viability appraisal and subsequent costs incurred by the Council in assessing such appraisals. It is not reasonable to expect the Local Planning Authority to absorb such costs which are over and above costs incurred in discharging its statutory duty processing the related planning application.