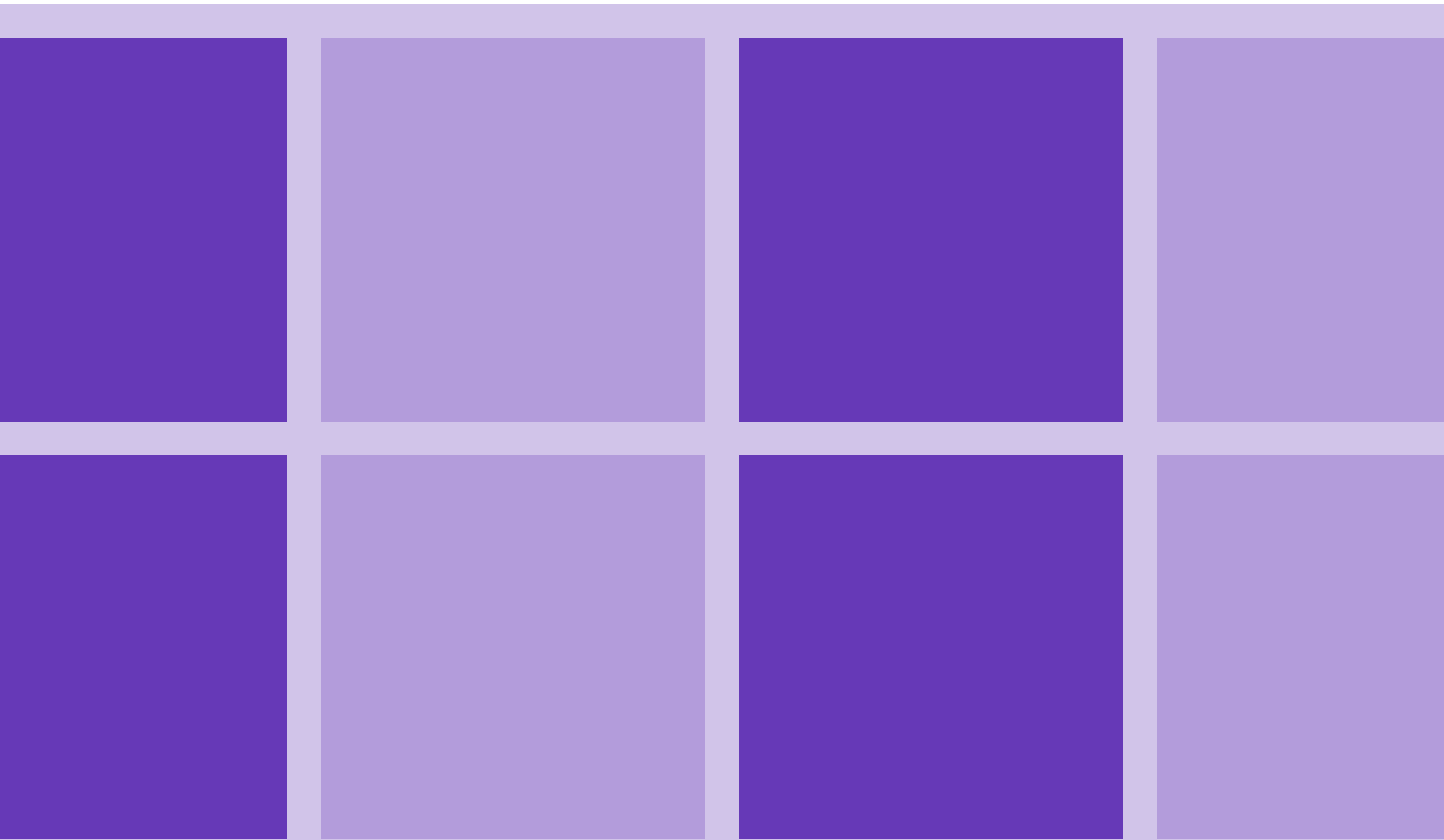


Technical Paper - Housing Mix and Tenure



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1 Introduction

1.1 As highlighted in the Telford and Wrekin Local Plan - Publication Version (Regulation 19)⁽¹⁾, national policy⁽²⁾ requires all councils to *plan* for the needs of all households across the full range of tenures, as well as the demand locally for different types of housing. The policy response taken forward in local plans should *reflect* future projected demographic change. It also requires councils to plan for the specific need for affordable housing, where this is supported by local evidence⁽³⁾.

1.2 Nonetheless, the emphasis placed on 'plan' reflects the need for flexibility within the policies that are adopted, to ensure that the plan can respond to rapid change⁽⁴⁾ within the local housing market, and remain robust and relevant at the planning application stage throughout the lifetime of the Plan. Consequently, it is not the role of the Local Plan to be unduly prescriptive in terms of the standards or stipulations placed on new development.

1.3 The general policy approach set out in paragraph 50 of the NPPF is reinforced later on in paragraph 159 of that document. Here, the NPPF requests that councils have a clear understanding of the housing needs in their area, and suggests that this is best achieved through the preparation of a Strategic Housing Market Assessment (SHMA). The critical aspect to all this is that, in preparing its planning policies on housing, councils should cater for housing demand and the scale of housing supply necessary to meet that demand.

1.4 Consequently, the work undertaken by the council in preparing the Local Plan has taken this advice into account, in terms of evidence gathering and in drafting specific policies.

1.5 The council has produced a number of technical papers in support of the various topic areas covered by the Telford and Wrekin Local Plan ('The Local Plan'). The *Technical Paper - Housing Mix & Tenure* (TPHMT) should be read in conjunction with the local plan and the technical paper covering overall housing need and growth⁽⁵⁾, which includes commentary on borough-wide housing needs and how the plan intends to assist in delivering additional affordable housing.

1.6 Before proceeding any further, it is worth highlighting some of key drivers behind the council's approach to planning for the future needs of its residents over the next 15 years or so. According to the latest projections (see section 3 and 5 for more details) Telford and Wrekin will see its population continue to increase, with the highest projected growth in the over 65 age group. This does not mean that policy should only be focused on the needs of older people, because the plan must address the needs of all households (see section 2 for more detail on national policy relating to housing needs). However, addressing the needs of older people will become more challenging in light of the financial pressures that will result from reduced central government funding.

1 Paragraph 5.24

2 National Planning Policy Framework (NPPF), March 2012

3 NPPF, paragraph 50

4 NPPF, paragraph 14

5 Telford and Wrekin Local Plan Technical Paper - Housing Growth (TPHG)

1 Introduction

1.7 The council, working in partnership with local communities and local stakeholders, recognises the challenge of ensuring that people, of all ages, receive the care they need at the time they need it in the context of a changing demographic, rising costs and reducing budgets. But it is not the purpose of this paper to explore this issue in detail. Nonetheless, it is a stated priority of the council to support people to live independently⁽⁶⁾ in their own home environment close to family and other social networks. Equally, the council acknowledges that older people should have the choice in how they live their lives in later years, and this could be via other housing options, for example Extracare housing. Consequently, it is important the Local Plan addresses this issue by including policies that recognise the choices available, by facilitating the provision of a mix of housing types (across a range of affordability levels) across the borough.

1.8 The aim of this paper is therefore to present more detailed justification for the policies related to securing the type and mix of housing that is needed during the plan period. The paper will also respond to the main issues stemming from the local plan consultation process.

1.9 The main issues raised through the local plan consultation process are considered to be as follows:

- The approach taken to nationally prescribed standards and Lifetime Homes standards;
- Questions raised regarding the evidence base on affordable housing need;
- The policy approach to affordable housing thresholds and percentage contributions;
- Consistency with national planning policy; and
- The response of the plan to starter homes;

1.10 An important aspect in the preparation of the Local Plan has been the preparation of the evidence base underpinning the policies on housing mix and tenure. The council has recently issued an update of the Strategic Housing Market Assessment (SHMA)⁽⁷⁾, principally with regard to affordable housing need, and this will be referred to in this paper as appropriate.

1.11 The council has prepared a separate paper on gypsy and traveller need and accommodation.

1.12 The next section summaries briefly the national policy context relating to housing mix and tenure matters.

6 Telford and Wrekin Health and Wellbeing Strategy 2013/14-2015/16, p5

7 Telford and Wrekin Strategic Housing Market Assessment (2016), arc4 Ltd, published March 2016

2 Housing Mix

2.1 In line with national policy, the Local Plan (Policy HO4) seeks to deliver a mix of housing, by type, tenure and size to meet the range of household needs. Policy HO4 is, effectively, split into two parts. Firstly, it deals with the general presumption as summarised here; and secondly, it seeks the delivery of homes that can meet the changing needs of households over time through the application of recognised industry standards covering adaptability (Lifetime Homes) and the space (nationally prescribed) standards.

2.2 A number of representations have been received to the second part of the policy, questioning the justification for reference to specific standards. The council does not support the wholesale deletion of these references from the policy. The latest evidence on housing need would suggest that a significant proportion of future demographic change, and hence the population profile, will comprise people in older age groups (65+). Based on the latest population projections⁽¹⁾, the number of people aged 65 and over in Telford and Wrekin is projected to increase by 45.9% over the period 2015-2031 (12,900 additional people) and the overall proportion of people aged 65 and over is projected to increase from 16.6% in 2015 to 23% in 2031⁽²⁾. It should be noted that isn't a phenomenon exclusive to Telford and Wrekin, it is a national issue. Representations received to the consultation process on the local plan also highlight the likely projected growth in older person households in the borough up to 2031. Consequently, the council does not accept that this issue should be ignored by not having in place any policy that seeks an appropriate mix of housing to meet the needs of *all* households. It is better to plan for this changing demographic now, rather than react to it in the future once it has happened.

2.3 It is recognised that, essentially, two solutions exist to addressing the likely the change in demographic profile over the coming decades. Firstly, more specialist housing could be built to meet the needs of specific household groups (this is dealt with in more detail in Policy HO7), or secondly, the council could facilitate the development of homes that allow people to remain in their own homes for longer by incorporating certain measures, either when the home is first built or at a point when required by households who need to adapt their home. In terms of policy responses, other local authorities⁽³⁾ have proposed a specific percentage mix of housing on sites that reflect the likely increase in demand from older households.

2.4 The council appreciates that specific requirements stipulated in policy may be seen to affect viability of development due to the added costs associated with designing-in specific measures or a perceived added risk associated with developing new housing products. This may or may not be the reality but, without sufficient evidence, the council does not propose a policy requirement at this time. However, given the continued increase in the proportion of elderly households up to 2031, it is considered right and proper that the Local Plan seeks a proportion of new homes built to allow for adaptability to allow households to remain in homes in later life, where the need exists and where viable to do so.

1 2012-based sub national population projections, Office for National Statistics, released May 2014

2 Telford and Wrekin Strategic Housing Market Assessment (2016) Table 4.13

3 For example, Durham City Council proposed a 10% requirement on sites over 15 dwellings to increase the housing options for older people

3 Affordable Housing

3 Affordable Housing

3.1 This section sets out more detailed commentary on the council's approach to delivering affordable housing through the planning process. As highlighted in the introduction to this paper, this section should be read in conjunction with the Technical Paper - Housing Growth (TPHG), which also refers to affordable housing.

Current policy

3.2 Under the adopted development plan for Telford and Wrekin, the council has relied on policies set out in the Core Strategy (CS), Central Telford Area Action Plan (CTAAP), and Wrekin Local Plan (WLP). The development plan for the borough currently applies affordable housing policy across three 'defined' sub-areas. These are; Telford; Newport; and the Rural Area.

3.3 The Core Strategy is the most up to date policy document covering the borough, setting out the policy standards to be applied to Newport (Policy CS6 seeks provision to the level of 35% on all housing developments) and the Rural Area (Policy CS7 seeks provision to the level of 40% on all housing developments). These policies were adopted along with the rest of the Core Strategy, in December 2007. However, it does not establish a defined approach for Telford built-up area.

3.4 The current policy presumption as it relates to Telford specifically is defined under Wrekin Local Plan Policy H23, adopted in 2000. The policy, applied through negotiation, seeks a 38% on-site affordable housing contribution on sites of 0.5 hectares, or sites comprising 15 dwellings or more.

3.5 Policies for the provision of affordable housing are also set out in the Madeley Neighbourhood Development Plan, which was 'made' or adopted in April 2015.

Emerging policy

3.6 Since the adoption of the Wrekin Local Plan and, more recently, the Core Strategy, policy guidance at the national level was radically streamlined in 2012 with the publication of the National Planning Policy Framework (NPPF). Nonetheless, the NPPF took forward broadly the same definition of affordable housing as was applied previously through the Planning Policy Statement 3. Consequently, it remains an important policy objective at the national level to facilitate the provision of housing that meets the needs of those households who might otherwise not be able to access homes on the open market. It is also important that the Local Plan remains up to date in terms of the standards that are applied to help address such needs.

3.7 To inform emerging policy, the council has also updated the evidence base in terms of both affordable housing need and, on a related subject, viability. In March 2016, the council published an update to its Strategic Housing Market Assessment (SHMA), prepared on its behalf by arc4 Ltd. For two important reasons, it was necessary to carry out a new assessment having only published the previous version in February 2014⁽¹⁾. Firstly, new sub-national population and household projections (2012-based) were issued by Office for National Statistics in May 2014, after the publication of the SHMA 2014 report. Secondly, the council and its registered

1 Telford and Wrekin Strategic Housing Market Assessment, February 2014, prepared by Housing Vision

provider partners moved away from a single housing register in July 2014 as part of a fundamental restructuring of the choice-based letting system in place since 2006. Consequently, the data on the existing housing register would no longer exist in its current form. In addition, wider changes in the area of housing policy in particular the impending changes to legislation relating to housing and planning for affordable housing⁽²⁾ also necessitated a revision to the evidence base.

3.8 The SHMA considers in detail the housing needs of the borough, drawing in various sources of secondary evidence and assesses the distribution of need across the three sub-areas. Data from the new system of registration has been used to inform the assessment of affordable housing need. The SHMA has assessed the affordable housing need to be 3,325, or 665 homes annually, if addressed over the next five years⁽³⁾, or 263 homes annually if provided by 2031⁽⁴⁾.

Affordable Housing Standards

3.9 A number of representations suggest that the proposed standards, in particular the percentage contributions on qualifying sites, should be amended to reflect the evidence on recent delivery. Other representations raise objections to the thresholds for such contributions, and argue that the plan should specifically recognise starter homes as affordable.

Percentage contributions

3.10 Given that the available evidence continues to identify a need for additional affordable housing in Telford and Wrekin, the council is justified in setting out policies for meeting the need in line with paragraph 50 of the NPPF. Policy HO5 therefore sets out a revised set of standards for securing affordable housing, to be applied to developments above a certain threshold.

3.11 To reinforce what has been previously stated in the Local Plan, the council has set the percentage contribution at a level that reflects both the level of need for affordable housing and the overall viability of development. The 25%/35% split set out in Policy HO5 between Telford/Newport and Rural Area respectively is considered to be a reasonable compromise between these two factors. Whilst Policy HO5 proposes 25% for Telford, and higher for Newport and the rural area, this represents the variance in affordability and viability across the sub-areas, and is considered to be a suitable basis for negotiations on specific planning applications.

3.12 Contrary to suggestions, the percentages should not be set at the lower extreme of 15% for the whole plan period (up to 2031). The delivery performance of 15% affordable housing on private sector-led schemes is merely an indicator of recent trends. However, this should not be taken as an indicator of future performance. As mentioned in the TPHG report, the impending changes to the NPPF and other legislation would add low-cost market housing, including starter homes⁽⁵⁾, into the definition of affordable housing.

2 Housing and Planning Act 2016

3 see Appendix D of the latest SHMA

4 See Telford and Wrekin Strategic Housing Needs Assessment 2016 Addendum - Additional affordable needs analysis Table 1

5 Starter homes under the proposed definition would be defined as homes sold at 80% market value for first time buyers under 40 years of age

3 Affordable Housing

3.13 Consequently, it is considered that potential level of delivery on individual sites will, on the balance of probability, increase given that economic viability is likely to be improved as a result over the longer term. This is clearly the objective of the proposed changes to the definition, given the government's attempts to encourage more home ownership following a recent decline in the provision of homes for sale nationally. The council's own evidence on viability of the whole plan would suggest that the percentages proposed in the plan overall do not threaten viability, and so are therefore considered justified and consistent with national policy.

Site Thresholds

3.14 Policy HO5 also proposes a threshold of 11 dwellings or more or where gross floorspace is over 1,000 sqms for qualifying sites. The council had originally proposed the thresholds in line with the amendments made to the Planning Practice Guidance (PPG) in 2015. Those amendments were successfully challenged by two shire district councils in Berkshire⁽⁶⁾ shortly after the consultation version (regulation 18) of the plan has been published and the relevant text was removed from the PPG. This, potentially, rendered the proposed policy thresholds out of date before the plan had even been adopted. However, this ruling was quashed in May 2016 after the government appealed⁽⁷⁾. The result of this legal process is that the government has reinstated the relevant text back into the PPG

3.15 Consequently, the council does not propose any changes of its own to the wording of Policy HO5 specifically on the matter of the thresholds. The council will, nonetheless, monitor the impact of the thresholds on the delivery of affordable housing, particularly as they relate to the rural area where housing affordability is a recognised issue.

3.16 The council has tested the viability of the whole plan in accordance with the NPPF, and issued a supporting statement to accompany the Local Plan publication version. This has concluded that viability of development will not be threatened by the proposed standards relating to planning contributions set out in the local plan. Detailed discussions and negotiations relating to specific matters that might impact on viability of any given proposal are to be taken into account at the planning application stage. The policy sets the framework for those discussions.

3.17 Furthermore, contrary to suggestions made in representations to the Local Plan, to set the threshold at a higher level than 11 dwellings (some suggest as high as 100 dwellings) is considered arbitrary and wholly inconsistent with both the local and national policy objectives of delivering housing to address the needs of all households.

Other matters

3.18 Representation have also been made suggesting that the references made to section 106 obligations should be deleted from Policy HO6. A suggestion is made that the legal agreements entered into between an applicant and the local authority can be dealt with appropriately without the need for specific reference in policy.

6 *West Berkshire District Council and Reading Borough Council v Secretary of State for Communities and Local Government* [2015] EWHC 2222 (Admin)

7 *Secretary of State for Communities and Local Government v West Berkshire District Council and Reading Borough Council* [2016] EWCA Civ 441

3.19 The council does not accept the amendment related to planning conditions. To rely simply on planning condition or obligations to secure the required affordable housing provision would create significant uncertainty and potential for delays in bringing sites forward where 'gaps' exist in the policy framework, thus undermining the effectiveness of the policy overall.

3.20 Given that the definition of affordable is likely to widen the range of products within this category, the potential for greater levels of supply of affordable housing is a reasonable one. Therefore, the inclusion of starter homes is not a separate category of housing over and above other forms of housing. The provision of such housing will, if anything, make schemes more viable at any given affordable housing percentage.

3.21 Representations also seek specific reference in policy to starter homes. Whilst the council acknowledges its statutory role in promoting starter home provision on all 'reasonably sized sites' the formal adoption of any standards specifically relating to starter home provision have yet to be enshrined in a revised national planning policy framework. Therefore, no change is proposed at this time. However, given the relatively swift progress of the Housing and Planning Bill through the legislative stages and consultation on changes to national planning policy, the matter will be kept under review. The SHMA 2016 report indicates that across the borough almost 60% of households cannot afford starter homes, and higher in certain parts of the borough. Consequently, affordability of starter homes will remain a challenge for many households in the borough in the coming years ahead, resulting in the continued demand for more traditional forms of affordable housing.

4 Specialist Housing

4 Specialist Housing

4.1 The Local Plan (Policy HO7) sets out the council's approach to managing proposals falling within the remit of specialist housing. As highlighted above, there is clearly a relationship between this policy and Policy HO4 (Housing Mix). Representations have been received through the consultation process, suggesting that Policy HO7 is not consistent with national policy on the grounds it does not represent positive planning. The council does not accept this.

4.2 Commentary presented in section two of this paper sets out some of the key statistics regarding likely future demographic change based on the latest published projections. In response, Policy HO7 promotes the delivery of particular types of housing options that seek to address certain needs in a flexible manner. The approach taken recognises that in some instances the most appropriate solution to addressing specific household needs may best be achieved through the provision of some form of specialist housing option. These are listed, though not exclusively, within the supporting text to the policy.

4.3 Representations received to earlier stages of the local plan consultation suggested that such proposals should be directed to locations within easy access to local facilities and services ideally within walking distance. In response, it should be recognised that due to the priority to allow people to remain in their own homes for as long as is practicably possible and the costs of such provision, the proportion of people living in specialist housing is likely to be relatively small. Therefore, the intention is not to prescribe any particular proportion of sites to include an element of specialist housing, rather to facilitate any necessary provision by directing schemes into suitable locations to ensure such schemes deliver sustainable development.

4.4 Work undertaken as part of the most recent (2016) Strategic Housing Market Assessment (SHMA) for Telford & Wrekin highlights that there are shortfalls in all types of specialist housing provision for older people, with the exception of sheltered housing. It also suggests the need to double the current level of provision for older people, particularly enhanced sheltered and extra care housing. In terms of the range of accommodation types that can be provided to address identified needs, the council is minded not to include any more detail than is currently set out in the policy. Whilst it may be beneficial in the short term to detail the types of accommodation sought, such detail may render the policy overly prescriptive and therefore potentially at risk of becoming out of date should those particular needs change over the medium to long-term.

4.5 Therefore, the council consider that the policy is justified, broadly consistent with the NPPF, and of sufficient detail to be effective, as well as responding to the advice set out in the Planning Practice Guidance⁽¹⁾.

1 PPG Paragraph: 021Reference ID: 2a-021-20160401

5 Conclusions

5.1 The Local Plan sets out a range of policies that seek to address the future needs of all households living in the borough, up to 2031. Evidence has been gathered indicating that there continues to be a demand for affordable housing locally, despite a significant increase in supply since 2006 (see TPHG report for details). A key part of the strategy to deliver more affordable housing are the standards to be applied to new development above certain thresholds. The council will apply these standards in its negotiations with applicants during the planning application process.

5.2 Viability evidence prepared by the council⁽¹⁾ suggests that the level of contributions being sought, in broad terms, would not threaten the deliverability of either specific development sites, nor the Local Plan as a whole. The standards set out in Policy HO5 are therefore considered to be justified, effective and consistent with national policy.

5.3 The common thread running through the policies set out on housing mix and tenure is the need for a suitable balance to be struck between detail and flexibility. Whilst more detail could be included in the policies on specific topics, the council considers that the mix of certainty and flexibility is broadly the right one.

5.4 Subject to a number of minor modifications, the council does not consider it necessary to make any significant amendment to these policies.

1 Telford & Wrekin Local Plan Viability Study (February 2016)